

Form ADV Part 2A

Item 1 - Cover Page

**Korenvaes Management LLC
3953 Maple Ave.
Suite 150
Dallas, TX 75219
(214) 871-8600**

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This Form ADV Part 2A (the “Brochure”) provides information about the qualifications and business practices of Korenvaes Management, LLC (“Korenvaes Management”). If you have any questions about the contents of this Brochure, please contact us at 214-871-8600 and/or boliver@korenvaes.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Korenvaes Management also is available on the SEC’s website at www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with Korenvaes Management who are registered, or are required to be registered, as investment adviser representatives of Korenvaes Management.

Although Korenvaes Management is registered as an investment adviser under the Investment Advisers Act of 1940 (the “Advisers Act”), such registration does not imply that Korenvaes Management or our personnel have a certain level of skill or training.

Item 2 – Material Changes

If you are amending your *brochure* for your annual update and it contains material changes from your last annual update, identify and discuss those changes on the cover page of the *brochure* or on the page immediately following the cover page, or as a separate document accompanying the *brochure*. You must state clearly that you are discussing only material changes since the last annual update of your *brochure*, and you must provide the date of the last annual update of your *brochure*.

This amendment to Part 2A of Form ADV is made in connection with Korenvaes Management's annual updating requirement. Korenvaes Management's business has not materially changed since its last filing on March 31, 2011, and, therefore, this annual update contains no material changes.

Item 3 – Table of Contents

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Item 4 – Advisory Business

A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).

Korenvaes Management is an asset manager focused on a broad range of securities and financial instruments, including U.S. and non-U.S. equity and equity related securities, bonds and other fixed income securities, commercial and residential mortgage backed securities and other asset backed securities, distressed securities, futures, forward contracts, warrants, options, repurchase agreements, reverse repurchase agreements, swaps and other derivative instruments, currencies, commodities and other private investment funds. The firm has been in business since 2009 when it was founded by Harlan Korenvaes.

Korenvaes Management currently has eight employees working in its Dallas offices. As of December 31, 2011, Korenvaes Management had \$109,699,402¹ in assets under management. Korenvaes Management serves as an investment adviser to pooled investment vehicles (“Advisory Clients”) that are primarily domestic and foreign limited partnerships and foreign companies. Korenvaes Management provides investment management and supervisory services to its Advisory Clients on a discretionary basis.

Advisory Clients are neither registered under the Securities Act of 1933, as amended, nor registered under the Investment Company Act of 1940, as amended. Accordingly, interests in Advisory Clients are offered exclusively to investors satisfying the applicable eligibility and suitability requirements either in private placement transactions within the United States or in offshore transactions. No offer to sell interests in these Advisory Clients is made by the descriptions in this Brochure. Please see Item 7 (Types of Clients) of this Brochure for more information with respect to Korenvaes Management’s clients.

Principal Ownership

Korenvaes Management’s principal owners are as follows:

- Harlan B. Korenvaes – Chief Executive Officer; Chief Investment Officer; Senior Managing Director
- Benjamin M. Weinstein – Managing Director

B. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.

Korenvaes Management is a discretionary investment adviser that invests in a broad range of securities and financial instruments, including U.S. and non-U.S. equity and equity related securities, bonds and other fixed income securities, commercial and residential mortgage backed securities and other asset backed securities, distressed securities, futures, forward contracts, warrants, options, repurchase agreements, reverse repurchase agreements, swaps and other derivative instruments, currencies, commodities and other private investment funds.

¹ Assets under management shown herein are net of all fees and expenses. Note that these amounts differ from the “regulatory assets under management” amounts required on Form ADV Part 1, which generally represent gross asset values, as reflected on the balance sheets of Korenvaes Management’s Advisory Clients.

C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of *clients*. Explain whether *clients* may impose restrictions on investing in certain securities or types of securities.

The advisory services provided by Korenvaes Management to its Advisory Clients are tailored to the investment objectives, investment strategy and investment restrictions, if any, as set forth in the governing documents of Advisory Clients and/or the investment management agreement entered into by Korenvaes Management with such clients. Korenvaes Management does not tailor its advisory services to the individual needs of investors in the Advisory Client and does not accept investment restrictions imposed by such Advisory Client investors, except in certain instances where such investors may opt out of Advisory Client investments that would be designated for side-pockets.

Each of the Advisory Clients may from time to time enter into agreements (“Side Letters”) with one or more of their investors to waive or modify the application of certain provisions of the Advisory Client’s governing documents with respect to such investor (including those relating to management fees, incentive fees, withdrawals and reporting) without obtaining the consent of any other investor; provided that before any such waiver or modification may take effect (other than a waiver of the minimum capital commitment or a waiver or modification granted to employees (but not members) of Korenvaes Management and its affiliates), notice must be provided to all investors in such Advisory Client and each investor must have had the opportunity to elect, by providing at least 15 business days’ notice to Korenvaes Management, to receive the benefit of such waiver or modification on the same terms.

D. If you participate in *wrap fee programs* by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.

Korenvaes Management does not participate in “wrap fee arrangements,” whereby clients select Korenvaes Management to manage funds through an investment program presented to the clients by a third-party program sponsor.

E. If you manage *client* assets, disclose the amount of *client* assets you manage on a *discretionary basis* and the amount of *client* assets you manage on a *non-discretionary basis*. Disclose the date “as of” which you calculated the amounts.

As noted above, as of December 31, 2011, the amount of assets under management by Korenvaes Management (“AUM”) was \$109,699,402 on a discretionary basis. Korenvaes Management does not manage any client assets on a non-discretionary basis. Please see Item 5.F of Korenvaes Management’s Form ADV Part 1A for information regarding the firm’s regulatory assets under management, which is presented on a gross basis.

Item 5 – Fees and Compensation

A. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.

Korenvaes Management is compensated for its advisory services generally through a management fee charged to Advisory Clients. Korenvaes Management typically receives a quarterly management fee from Advisory Clients of 0.25% of the net assets of each Advisory Client. For those Advisory Clients that are part of a master-feeder structure, the management fee is typically paid to Korenvaes Management by the respective master fund on behalf of the feeder funds.

In addition, with respect to certain Advisory Clients, an affiliate of Korenvaes Management acting as general partner of the Advisory Clients receives performance compensation based on an internal rate of return calculation at such times as distributions are made to investors in such Advisory Clients or at the conclusion of a lock-up period. See Item 6 for further information with respect to performance compensation.

Korenvaes Management reserves the right to waive some or all fees for certain investors in Advisory Clients, including for investors who are employees of Korenvaes Management. The management fee and performance compensation for Advisory Client is generally not negotiable.

As explained above in Item 4, Korenvaes Management may enter into a Side Letter with certain Advisory Client investors whereby such investors are granted favorable rights not granted to other investors in the Advisory Client including, among other things, rights to receive reduced rates of performance fees and/or management fees earned by Korenvaes Management, each Advisory Client's general partner and/or other affiliates; provided that all investors in such Advisory Client must have had the opportunity to elect, by providing at least 15 business days' notice to Korenvaes Management, to receive the benefit of such waiver or modification on the same terms.

To calculate advisory fees, Korenvaes Management generally relies on prices provided by third-parties (whether dealer quotes or third party data feeds) for purposes of valuing portfolio securities held in Advisory Client accounts. Korenvaes Management's third-party administrator (the "Administrator") independently values Advisory Client portfolios. In the event of a disagreement between Korenvaes Management and the Administrator, Korenvaes Management works with the Administrator to investigate and resolve any differences. Although it is extremely rare for discrepancies to persist after an investigation by Korenvaes Management and the Administrator, in the event that Korenvaes Management and the Administrator continue to disagree on the valuation of a position, the Administrator has the final say and can withhold the net asset value if it is unsatisfied with the valuation. Korenvaes Management maintains policies and procedures relating to the pricing process, in an effort to mitigate any conflicts of interest with respect to valuation.

Other fees payable by investors in Advisory Clients are described below.

Prospective investors in Advisory Clients should refer to the private placement memorandum or other offering documents of the respective Advisory Client for detailed information with respect to the fees associated with such Advisory Client. The information contained herein is a summary only and is qualified in its entirety by such documents.

B. Describe whether you deduct fees from *clients*' assets or bill *clients* for fees incurred. If *clients* may select either method, disclose this fact. Explain how often you bill *clients* or deduct your fees.

Korenvaes Management (or an affiliate) may deduct fees from Advisory Clients' assets. Management fees are generally paid by Advisory Clients to Korenvaes Management pursuant to a management agreement between the parties.

Performance compensation typically is deducted from Advisory Client assets and allocated to an affiliate of Korenvaes Management pursuant to the governing documents of the Advisory Client.

Management fees are generally paid by Advisory Clients to Korenvaes Management quarterly in advance, and invoiced by Korenvaes Management at the beginning of each quarter. Performance compensation is generally payable at the end of each lock-up period, and deducted at such time.

Management fees and performance compensation may be (and have been) waived or modified in the sole discretion of Korenvaes Management and/or its affiliates, including for investors who are employees of Korenvaes Management; provided that all investors in such Advisory Client must have had the opportunity to elect, by providing at least 15 business days' notice to Korenvaes Management, to receive the benefit of such waiver or modification on the same terms.

Prospective investors in Advisory Clients should refer to the private placement memorandum or other offering documents of the respective Advisory Client for detailed information with respect to how fees are paid with respect to their assets. The information contained herein is a summary only and is qualified in its entirety by such documents.

C. Describe any other types of fees or expenses *clients* may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that *clients* will incur brokerage and other transaction costs, and direct *clients* to the section(s) of your *brochure* that discuss brokerage.

Korenvaes Management's fees are exclusive of Advisory Clients' own organizational (which may be amortized over a period of time), operating and other expenses including: (i) investment related expenses, (ii) audit expenses, (iii) administration fees, (iv) legal and accounting expenses, (v) prime broker fees and (vi) insurance and director fees. For those Advisory Clients that are part of a master-feeder structure, each feeder fund will indirectly bear the administrative and other expenses of the master fund pro rata based on its interest in the master fund.

Execution of Advisory Client transactions typically requires payment of brokerage commissions by the Advisory Client. Item 12 (Brokerage Practices) below describes the factors that Korenvaes Management considers in selecting or recommending broker/dealers for the execution of transactions and determining the reasonableness of their compensation (e.g., commissions).

Prospective investors in Advisory Clients should refer to the private placement memorandum or other offering documents of the respective Advisory Client for detailed information with respect to the fees and expenses they may pay in connection with an investment in such Advisory Client. The information contained herein is a summary only and is qualified in its entirety by such documents.

D. If your *clients* either may or must pay your fees in advance, disclose this fact. Explain how a *client* may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.

Management fees applicable to certain Advisory Clients are paid quarterly in advance as described in the investment management agreement between such Advisory Client and Korenvaes. With respect to fee refunds, information about how investors in Advisory Clients may withdraw or redeem interests or shares in an Advisory Client is set forth in the respective Advisory Client's governing documents.

Korenvaes Management or its affiliate (or the directors of Advisory Clients organized as foreign companies) may waive or modify the application of any conditions relating to withdrawals and redemptions, including for Advisory Client investors who are employees of Korenvaes Management; provided that; provided that all investors in any such Advisory Client must have had the opportunity to elect, by providing at least 15 business days' notice to Korenvaes Management, to receive the benefit of such waiver or modification on the same terms.

Prospective investors in Advisory Clients should refer to the private placement memorandum or other offering documents of the respective Advisory Client for detailed information with respect to their withdrawal or redemption rights as an investor in such Advisory Client. The information contained herein is a summary only and is qualified in its entirety by such documents.

E. If you or any of your *supervised persons* accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.

- 1. Explain that this practice presents a conflict of interest and gives you or your *supervised persons* an incentive to recommend investment products based on the compensation received, rather than on a *client's* needs. Describe generally how you address conflicts that arise, including your procedures for disclosing the conflicts to *clients*. If you primarily recommend mutual funds, disclose whether you will recommend "no-load" funds.**
- 2. Explain that *clients* have the option to purchase investment products that you recommend through other brokers or agents that are not affiliated with you.**
- 3. If more than 50% of your revenue from advisory *clients* results from commissions and other compensation for the sale of investment products you recommend to your *clients*, including asset-based distribution fees from the sale of mutual funds, disclose that commissions provide your primary or, if applicable, your exclusive compensation.**
- 4. If you charge advisory fees in addition to commissions or markups, disclose whether you reduce your advisory fees to offset the commissions or markups.**

Neither Korenvaes Management nor its employees receive, directly or indirectly, any compensation from the sale of securities or investments that are purchased or sold for Advisory Client accounts. Korenvaes Management is compensated through the stated management fee and performance compensation agreed upon in the governing documents of the respective Advisory Client. Accordingly, Korenvaes Management believes that it does not have any conflicts of interest regarding the receipt of additional compensation relating to Advisory Client assets that Korenvaes Management manages, except as specifically disclosed from time to time.

Item 6 – Performance-Based Fees and Side-by-Side Management

If you or any of your *supervised persons* accepts *performance-based fees* – that is, fees based on a share of capital gains on or capital appreciation of the assets of a *client* (such as a *client* that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your *supervised persons* manage both accounts that are charged a *performance-based fee* and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your *supervised persons* face by managing these accounts at the same time, including that you or your *supervised persons* have an incentive to favor accounts for which you or your *supervised persons* receive a *performance-based fee*, and describe generally how you address these conflicts.

As described in Item 5, Korenvaes Management or its affiliate receives performance-based fees for investment management services provided to Advisory Clients. A performance-based fee is a fee representing an asset manager's compensation for managing an account which is based upon a percentage of the net profits of the account being managed. Korenvaes Management's performance-based fees are typically a percentage of net profits allocated to an investor in an Advisory Client based on an internal rate of return calculation at such times as a lock-up period has expired or distributions are made to investors.

Performance-based fees create certain inherent conflicts of interest with respect to Korenvaes Management's management of assets. Specifically, our entitlement to a performance-based fee in managing one or more accounts may create an incentive for Korenvaes Management to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation.

To maintain fair and equitable treatment of all of accounts, Korenvaes Management has implemented specific controls to further its efforts to treat all accounts fairly, regardless of their corresponding fee-structure. In particular, in the event a determination is made by Korenvaes Management that different Advisory Clients should purchase or sell the same securities at the same time, the securities will be allocated *pro rata* based on the respective net asset values of the Advisory Clients' accounts (to the extent feasible) in a manner believed to be equitable to each. Circumstances may occur, however, in which an allocation could have adverse effects on one Advisory Client with respect to the price or size of securities positions obtainable or salable. These policies and activities, along with other existing controls, provide an environment that fosters the fair and equitable treatment of all accounts managed by Korenvaes Management.

Side-by-Side Management

Korenvaes Management's investment professionals may simultaneously manage portfolios for different Advisory Clients according to the same or a similar investment strategy (i.e., side-by-side management). The simultaneous management of these different investment products creates certain conflicts of interest, as the fees for the management of certain types of products could be higher than others. Nevertheless, when managing the assets of such accounts, Korenvaes Management has an affirmative duty to treat all such accounts fairly and equitably over time.

Although Korenvaes Management has a duty to treat all portfolios within an investment strategy fairly and equitably over time, such portfolios will not necessarily be managed the same at all times. Specifically, there is no requirement that Korenvaes Management use the same investment practices consistently across all portfolios. In general, investment decisions for each Advisory Client will be made independently from those of other Advisory Clients, and will be made with specific reference to the individual needs and objectives of each Advisory Client. In fact, different client guidelines and/or

differences within particular investment strategies may lead to the use of different investment practices for portfolios within a similar investment strategy. In addition, Korenvaes Management will not necessarily purchase or sell the same securities at the same time or in the same proportionate amounts for all eligible portfolios, particularly if different portfolios have materially different amounts of capital under management by Korenvaes Management or different amounts of investable cash available. As a result, although Korenvaes Management could elect to manage multiple portfolios with similar or identical investment objectives, or manage accounts with different objectives that trade in the same securities, the portfolio decisions relating to these accounts, and the performance resulting from such decisions, may differ from portfolio to portfolio.

Since side-by-side management of various types of portfolios raises the possibility of favorable or preferential treatment of a portfolio or a group of portfolios, Korenvaes Management has procedures designed and implemented in furtherance of its efforts to treat all portfolios fairly and equally over time. By utilizing these procedures, Korenvaes Management believes that portfolios that are subject to side-by-side management alongside other products are receiving fair and equitable treatment over time.

Item 7 – Types of Clients

Describe the types of *clients* to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.

Types of Clients

Korenvaes Management provides investment advisory services to pooled investment vehicles operating as private investment funds.

Conditions for Managing Accounts

The minimum initial investment amount for investors in Advisory Clients is generally \$25,000,000, which requirement generally can be waived at the discretion of the general partner or board of directors of the Advisory Client, subject to minimum requirements for Advisory Clients organized in certain offshore jurisdictions.

Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss

A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that *clients* should be prepared to bear.

Korenvaes Management is a discretionary asset management firm that follows a comprehensive, multi-strategy approach to investing. Each Advisory Client's investment strategy is set forth in a confidential private placement memorandum or other offering documents of such Advisory Client.

Korenvaes Management currently has three portfolio managers, who are also the principals of the firm. The portfolio managers meet formally, either in person or by phone each week, and informally day-to-day, to discuss overall market themes, portfolio positioning, capital allocation, and investment opportunities across strategies. Korenvaes Management's investment process generally consists of identifying trading strategies within and across asset classes and markets by combining one or more of the following: (i) fundamental research; (ii) an understanding of the technical dynamics in the various equity and credit markets; and (iii) general market insights, macro views, judgment, and discretion of the portfolio managers.

In evaluating securities, the main sources of information used by Korenvaes Management include, but are not limited to, data provided by third-party vendors (e.g. Bloomberg); financial newspapers and magazines; research materials prepared by third parties; inspections of corporate activities; corporate rating services; annual reports, prospectuses and filings with the SEC; and company press releases. However, Korenvaes Management relies on its portfolio managers for generating and vetting trade ideas.

Investors in Advisory Clients should be aware that investing in securities involves risk of loss that clients should be prepared to bear.

B. For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

All securities investments risk the loss of capital. No guarantee or representation is made to Advisory Clients or their investors that an Advisory Client will achieve its investment objective or that investors will not lose all or substantially all of their investment in the Advisory Client. Purchases of interests in Advisory Clients are suitable only for persons of substantial financial means who can make a long-term investment, can bear the risk of loss of their entire investment in the Advisory Client and have no need for liquidity of their investment.

Each of Korenvaes Management's strategies has the potential for Advisory Clients' assets to decline in value based on market conditions. The nature of Advisory Client's investments involves certain risks, and the use of investment techniques (such as hedging, short selling and leverage) may carry additional risks. Some of the specific risks to which Advisory Client assets may be susceptible are as follows:

Concentration of Investments

Korenvaes Management generally seeks to maintain a diversified portfolio of investments. However, Advisory Clients may at certain times hold relatively few investments. Advisory Clients could be subject to significant losses if they hold a large position in a particular investment that declines in value or is otherwise adversely affected.

Volatility

The market value of certain of an Advisory Client's investments may be volatile, and will generally fluctuate due to a variety of factors that are inherently difficult to predict, including, among other things, the macro business and economic environment, specific developments or trends within a company or in any particular industry, the market's overall perception of risk, general economic conditions, the condition of certain financial markets, domestic and international economic or political events, prevailing credit spreads, changes in prevailing interest rates and the financial condition of counterparties.

Liquidity of Investments

In some circumstances investments could be highly illiquid making it difficult to acquire or dispose of them at the prices quoted on the various exchanges. Accordingly, Korenvaes Management's ability to respond to market movements may be impaired and Advisory Clients may experience adverse price movements upon liquidation of its investments.

Financial Model Risk

Often an Advisory Client's investments and investment strategies use quantitative and qualitative valuation models and information developed by Korenvaes Management or obtained from third-parties. As market dynamics (for example, due to changed market conditions and participants) shift over time, a previously highly successful model often becomes outdated or inaccurate, perhaps without Korenvaes Management recognizing the change before significant losses could be incurred. An Advisory Client's model risk extends to the valuation of its investments, most of which will be made on the basis of internal Korenvaes Management models in the absence of any readily determinable market value. The valuations so determined may differ materially from values that are actually realized.

Currency Exposure

Interests in Advisory Clients are issued and withdrawn in U.S. Dollars. The assets of Advisory Clients may, however, be invested in securities and other investments which are denominated in currencies other than U.S. Dollars. Additionally, Korenvaes Management may hold foreign currencies with exposure to the foreign exchange rates. Accordingly, the value of such assets may be affected favorably or unfavorably by fluctuations in currency rates. Korenvaes Management may seek to hedge the foreign currency exposure of Advisory Clients as it relates to certain strategies. However, Advisory Clients are necessarily subject to foreign exchange risks. In addition, prospective investors in Advisory Clients whose assets and liabilities are predominately in other currencies should take into account the potential risk of loss arising from fluctuations in value between the U.S. Dollar and other currencies.

Possible Positive Correlation

One of the goals in incorporating non-traditional investment strategies such as those to be utilized by Advisory Clients into a portfolio or series of portfolios is to provide a potentially valuable element of diversification. However, there can be no assurance, particularly during periods of market disruption and

stress, when the risk control benefits of diversification may be most important, that an Advisory Client will, in fact, be negatively- or non-correlated with a traditional portfolio of stocks or bonds.

Short Selling

Korenvaes Management may engage in short selling. Short selling involves trading on margin and accordingly can involve greater risk than investments based on a long position. A short sale of a security involves the risk of a theoretically unlimited increase in the market price of the security, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.

Leverage

Advisory Clients employ leverage for the purpose of making investments and to hedge their exposure to market and credit risk. The use of leverage creates special risks and may significantly increase the Advisory Client's investment risk. Leverage creates an opportunity for greater yield and total return but, at the same time, increases the Advisory Client's exposure to capital risk and interest costs. Any investment income and gains earned on investments made through the use of leverage that are in excess of the interest costs associated therewith may cause the value of interests in the Advisory Client to increase more rapidly than would otherwise be the case. Conversely, where the associated interest costs are greater than such income and gains, the value of the interests in the Advisory Client may decrease more rapidly than would otherwise be the case.

Spread Trading Risks

A part of an Advisory Client's trading operations may involve spreads between two or more positions. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. In addition, such positions entail substantial risk that the price differential could change unfavorably, causing a loss to the spread position. In periods of trendless, stagnant markets and/or deflation, many alternative investment strategies have materially diminished prospects for profitability.

Arbitrage Transaction Risks

Arbitrage strategies attempt to take advantage of perceived price discrepancies of identical or similar financial instruments, on different markets or in different forms. Korenvaes Management may employ any one or more of these arbitrage strategies. If the requisite elements of an arbitrage strategy are not properly analyzed, or unexpected events or price movements intervene, losses can occur which can be magnified to the extent an Advisory Client is employing leverage. Moreover, arbitrage strategies often depend upon identifying favorable "spreads," which can also be identified, reduced or eliminated by other market participants.

Hedging Transactions

The success of an Advisory Client's hedging strategy is subject to Korenvaes Management's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics of many securities change as markets change or time passes, the success of an Advisory Client's hedging strategy is also subject to Korenvaes Management's ability to continually recalculate, readjust, and execute hedges in an efficient and timely manner.

While an Advisory Client may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Advisory Client than if it had not engaged in any such hedging transactions. For a variety of reasons, Korenvaes Management may not seek to establish a perfect correlation between such hedging instruments and the risks being hedged. Such imperfect correlation may prevent the Advisory Client from achieving the intended hedge or expose the Advisory Client to risk of loss. In addition, Korenvaes Management may not hedge a risk inherent in the Advisory Client because a hedge may not be available or is too costly in light of the likelihood of the possible risk actually occurring or because the risk simply could not be reasonably anticipated.

Counterparty Risk

An Advisory Client is subject to the risk of the inability of any counterparty (including prime brokers) to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes.

*Advisory Client investors and prospective investors in Advisory Clients are provided with a confidential private placement memorandum or other offering documents of the respective Advisory Client that provide a detailed description of the material risks related to an investment in the Advisory Client. Such investors are advised to carefully review **all** risk factors set forth in such documents.*

C. If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.

Foreign Securities

Advisory Clients may invest in securities and other instruments of foreign corporations and foreign countries. Investing in such securities involves certain considerations not usually associated with investing in securities of U.S. companies or the U.S. government, including, among other things, political and economic considerations, such as greater risks of expropriation, nationalization and general social, political and economic instability; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion, imposition of withholdings and other taxes and certain government policies that may restrict the Advisory Client's investment opportunities. In addition, accounting and financial reporting standards that prevail in many foreign countries are not equivalent to U.S. standards and, consequently, less information may be available to investors in companies located in foreign countries than is available to investors in companies located in the U.S. There is also less regulation, generally, of the securities markets in many foreign countries than there is in the U.S.

Asset-Backed Securities

Advisory Clients may invest in asset-backed securities including, but not limited to, interests in pools of receivables. These securities may be in the form of pass-through instruments or asset-backed obligations. The securities, many of which are issued by non-governmental entities and carry no direct or indirect government guarantee, present certain risks primarily because these securities may not have the benefit of a security interest in the related collateral.

Asset-Backed Credit Default Swap Agreements

The "buyer" in an asset-backed credit default contract is obligated to pay the "seller" a periodic stream of payments in return for contingent payments upon the occurrence of credit events with respect to an underlying reference obligation. Generally, credit events include failure to pay and writedowns and may

include distressed rating downgrades and/or maturity extension. The seller must also make contingent payments with respect to interest rate shortfalls on the underlying reference obligation, but these shortfalls are not considered credit events and the level of shortfall coverage varies from contract to contract. If a credit event occurs, the buyer can elect to engage a physical settlement whereby the buyer exchanges physical securities with a par value (which may be significantly above market value) equal to the notional amount of the contract for a cash sum that is also equal to the notional amount. If a physical settlement is not elected or is impossible due to scarcity of physical assets, the protection seller must make a contingent payment equal to the writedown amount and the contract remains outstanding. The buyer continues to make premium payments based on the notional amount of the contract that is still outstanding after being adjusted for writedowns and paydowns. This partial settlement structure is known as “PAUG” (pay as you go).

An Advisory Client may be either the buyer or seller in the transaction. If the Advisory Client is a buyer and no credit event occurs, the Advisory Client may lose its investment and recover nothing. As a seller, the Advisory Client receives income throughout the term of the contract, which is variable based on the term of the underlying reference obligation, but may have to make contingent payments that exceed this income, resulting in a loss for the Advisory Client. Price volatility will reflect forward-looking market expectations such that the Advisory Client will be subject to gains and losses in the absence of realized cash receipts and payments. Credit default swaps involve greater risks than if the Advisory Client had invested in the reference obligation directly. In addition to general market risks, credit default swaps are subject to additional liquidity risk and counterparty risk.

Risk in Short Asset-Backed Credit Positions

Since an Advisory Client may invest in short credit positions, Korenvaes Management anticipates that the Advisory Client may pay ABCDS premiums and/or interest on short bond positions in excess of any interest received on cash balances or from any offsetting long credit positions (e.g. will have “negative carry”). Furthermore, the value of the Advisory Client’s portfolio may be negatively affected in the event credit spreads tighten.

Oil and Gas Investments

An Advisory Client may make oil and gas related investments, the success of which will be substantially dependent upon the market prices for oil and natural gas, both worldwide and particularly in North America. Historically, the oil and natural gas markets have been volatile and such volatility may continue to recur in the future. Various factors beyond the control of Korenvaes Management will affect prices of oil and natural gas, including, the worldwide and North American supplies of oil and natural gas; the ability of the members of the Organization of Petroleum Exporting Countries (OPEC) to agree to maintain oil prices and production controls; political instability; terrorist acts or armed conflict in oil or natural gas producing regions or involving transportation facilities; the level of consumer demand; the price, availability and acceptance of alternative fuels; the availability of pipeline capacity; weather conditions; governmental regulations, price controls and taxes; environmental laws and regulations and the overall economic environment.

Convertible Securities

An Advisory Client may invest in convertible securities. Convertible securities may provide higher yields than the underlying equity securities, but generally offer lower yields than non-convertible securities of similar quality. The value of convertible securities fluctuates in relation to changes in interest rates like bonds and, in addition, fluctuates in relation to the underlying common stock.

Derivatives

An Advisory Client may invest in derivative financial instruments. In addition, Advisory Clients may from time to time utilize both exchange-traded and over-the-counter futures, options and contracts for differences, as part of its investment strategy and for hedging purposes, as well as other derivatives. Regulatory restraints may restrict the instruments that an Advisory Client may trade. Such derivative instruments are highly volatile, involve certain special risks and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further losses exceeding any margin deposited. Further, when used for hedging purposes there may be an imperfect correlation between these instruments and the investments or market sectors being hedged.

The trading of over-the-counter derivatives subjects an Advisory Client to a variety of risks including: (i) counterparty risk, (ii) basis risk, (iii) interest rate risk, (iv) settlement risk, (v) legal risk, and (vi) operational risk. Counterparty risk is the risk that one of an Advisory Client's counterparties might default on its obligation to pay or perform generally on its obligations. Basis risk is the risk that the normal relationship between two prices might move in opposite directions. Interest rate risk is the general risk associated with movements in interest rates. Settlement risk is the risk that a settlement in a transfer system does not take place as expected. Legal risk is the risk that a transaction proves unenforceable in law or because it has been inadequately documented. Operational risk is the risk of unexpected losses arising from deficiencies in a firm's management information, support and control systems and procedures. Transactions in over-the-counter derivatives may involve other risks as well, as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk.

Options

An Advisory Client may engage in the trading of options. Such trading involves risks substantially similar to those involved in trading margined securities in that options are speculative and highly leveraged. Specific market movements of the securities underlying an option cannot accurately be predicted. The purchaser of an option is subject to the risk of losing the entire purchase price of the option. The writer of an option is subject to the risk of loss resulting from the difference between the premium received for the option and the price of the security underlying the option which the writer must purchase or deliver upon exercise of the option.

Debt Securities

An Advisory Client may invest in unrated or low grade debt securities which are subject to greater risk of loss of principal and interest than higher-rated debt securities. An Advisory Client may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. An Advisory Client may invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. Lower or unrated securities are more likely to react to developments affecting market and credit risk than are more highly rated securities, which primarily react to movements in the general level of interest rates. Investors should be aware that ratings are relative and subjective and are not absolute standards of quality. Subsequent to its purchase by an Advisory Client, an issue of securities may cease to be rated or its rating may be reduced. Neither event will require sale of such securities by an Advisory Client, although Korenvaes Management will consider such event in its determination of

whether an Advisory Client should continue to hold the securities. The market value of securities in lower-rated categories is more volatile than that of higher quality securities. In addition, an Advisory Client may have difficulty disposing of certain of these securities because there may be a thin trading market. The lack of a liquid secondary market for certain securities may have an adverse impact on an Advisory Client's ability to dispose of such securities and may make it more difficult for an Advisory Client to obtain accurate market quotations for purposes of valuing the Advisory Client and calculating its net asset value.

*Advisory Client investors and prospective investors in Advisory Clients are provided with a confidential private placement memorandum or other offering documents of the respective Advisory Client that provide a detailed description of the material risks related to an investment in the Advisory Client. Such investors are advised to carefully review **all** risk factors set forth in such documents.*

Item 9 – Disciplinary Information

If there are legal or disciplinary events that are material to a *client's* or prospective *client's* evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.

Korenvaes Management does not have any legal or disciplinary events to report. Korenvaes Management is obligated to disclose legal or disciplinary events that would be material to a client's or prospective client's evaluation of Korenvaes Management's advisory business or the integrity of its management.

Item 10 – Other Financial Industry Activities and Affiliations

A. If you or any of your *management persons* are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.

Neither Korenvaes Management nor any of its management persons are registered, or have an application pending to register, as a broker/dealer or a registered representative of a broker-dealer.

B. If you or any of your *management persons* are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.

Neither Korenvaes Management nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

C. Describe any relationship or arrangement that is material to your advisory business or to your *clients* that you or any of your *management persons* have with any *related person* listed below. Identify the *related person* and if the relationship or arrangement creates a material conflict of interest with *clients*, describe the nature of the conflict and how you address it.

- 1. broker-dealer, municipal securities dealer, or government securities dealer or broker**
- 2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)**
- 3. other investment adviser or financial planner**
- 4. futures commission merchant, commodity pool operator, or commodity trading advisor**
- 5. banking or thrift institution**
- 6. accountant or accounting firm**
- 7. lawyer or law firm**
- 8. insurance company or agency**
- 9. pension consultant**
- 10. real estate broker or dealer**
- 11. sponsor or syndicator of limited partnerships.**

With respect to Item 10.C.2, an affiliate of Korenvaes Management serves as general partner of Advisory Clients organized as limited partnerships. With respect to Advisory Clients organized as foreign companies, the board of directors of such companies are Korenvaes Management personnel.

Korenvaes Management’s affiliates, principals and employees may from time to time purchase interests in certain Advisory Clients, and investments by such parties that are employees of Korenvaes Management generally are not subject to the management fees or performance-based fees described in Item 5, above. The offering memorandum of each Advisory Client that is provided to each potential investor discloses this fact.

The following entities are Advisory Clients or affiliates of Korenvaes Management:

Entity	General Partner/Managing Member
Korenvaes Capital Partners II LP	Korenvaes Management GP LLC
Korenvaes Capital Partners II Offshore LP	Korenvaes Management GP LLC
KCP II Offshore Ltd.	n/a
KCP II Master Fund LP	Korenvaes Management GP LLC
Korenvaes Opportunity Fund LP	Korenvaes Capital Management LP

With respect to Item 10.C.11, Korenvaes Management and its related persons have established a number of limited partnerships and companies suitable for investment by sophisticated individuals and entities meeting certain eligibility requirements.

D. If you recommend or select other investment advisers for your *clients* and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.

Not applicable.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading

A. If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your code of ethics to any *client* or prospective *client* upon request.

Korenvaes Management has established a variety of restrictions, procedures and disclosures designed to address conflicts of interest arising between and among Advisory Client accounts as well as between Advisory Client accounts and Korenvaes Management and its personnel.

Korenvaes Management strives to adhere to the highest industry standards of integrity, professionalism and trust. To this end, Korenvaes Management has adopted a Code of Ethics (the “Code”) that generally requires Korenvaes Management employees to comply with all applicable federal securities laws, place the interests of clients first, avoid conflicts of interest, not take inappropriate advantage of the employee’s position, adhere to certain restrictions with respect to the receipt and giving of gifts and safeguard confidential information. Each employee is required to report to Korenvaes Management’s Chief Compliance Officer or Chief Executive Officer any known or suspected violations of the Code or law.

Each newly hired employee receives a copy of the Code and is required to certify that he or she has read and understands it. Training is provided for employees with respect to the Code and their duties under it. On an annual basis, each Korenvaes Management employee must certify that he or she has read and understands the Code, has complied with its provisions and has disclosed, pre-cleared and reported all transactions in securities consistent with the requirements of the Code.

Personal Trading

The Code also places restrictions on the personal trading of employees, including the requirement that employees provide annual securities holdings reports and quarterly securities transaction reports to Korenvaes Management. Korenvaes Management’s Chief Compliance Officer or his designee reviews personal transaction and holdings reports to ensure that such transactions are being conducted in a manner consistent with the Code. Except with respect to certain exempted transactions, no Korenvaes Management employee may purchase or sell any security without first obtaining pre-clearance from Korenvaes Management’s Chief Compliance Officer or his designee. Korenvaes Management also maintains, regularly updates and publishes a restricted securities list.

Korenvaes Management monitors adherence to the personal trading policy through its authority to randomly check employee trading accounts. Korenvaes Management also conducts quarterly reviews of personal trading and cross-checks the personal account statements with the approved trades list to ensure that all executed trades in single names were pre-approved.

Insider Trading/Material Non-Public Information; Privacy

Korenvaes Management maintains an Insider Trading Policy that includes policies and procedures prohibiting the use of material non-public information that are designed to prevent the misuse of material, nonpublic information by Korenvaes Management and its officers, directors and employees. In accordance with these policies, to prevent trading of public securities based on material, non-public information, Korenvaes Management maintains, regularly updates and publishes a “restricted” securities list. Companies about which a significant number of employees are expected regularly to have material, non-public information are generally placed on the restricted list. While an issuer is on the restricted list, Korenvaes Management and each person subject to the Insider Trading Policy is prohibited from purchasing, selling or recommending the purchase or sale of that issuer’s securities in personal accounts and Korenvaes Management’s Advisory Client accounts.

Korenvaes Management has a separate privacy policy designed to protect the security, confidentiality, and integrity of non-public, personal information of its clients.

Political Contributions

Korenvaes Management prohibits its employees from making or soliciting a political contribution for the purpose of influencing the official conduct of any elected official. The Code includes specific limitations as to whom employees may make contributions and the amounts of such contributions, as well as preclearance requirements for political contributions.

Korenvaes Management will provide a complete copy of the Code to any client or prospective client upon request. Such requests may be addressed to Brian Oliver, Chief Compliance Officer and Chief Financial Officer of the Korenvaes Management

B. If you or a *related person* recommends to *clients*, or buys or sells for *client* accounts, securities in which you or a *related person* has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

Examples: (1) You or a *related person*, as principal, buys securities from (or sells securities to) your *clients*; (2) you or a *related person* acts as general partner in a partnership in which you solicit *client* investments; or (3) you or a *related person* acts as an investment adviser to an investment company that you recommend to *clients*.

As described above in Item 10, Korenvaes Management serves as the investment manager to its Advisory Clients, and a related person of Korenvaes Management serves as general partner of Advisory Clients organized as limited partnerships. With respect to Advisory Clients organized as foreign companies, Korenvaes Management personnel serve on the board of directors of such companies.

Korenvaes Management may from time to time recommend that certain of its Advisory Clients invest a portion of their investable assets in other Advisory Clients, typically in connection with a master-feeder fund structure. Such arrangements are described in the offering memoranda or other governing documents of Advisory Clients. Korenvaes Management and its related persons also recommend interests in Advisory Clients to prospective investors.

Korenvaes Management may cause an Advisory Client to buy or sell securities directly from or to another Advisory Client, although to date no Advisory Client has engaged in any such internal cross transactions. If Korenvaes Management were to cause an Advisory Client to engage in a cross transaction, then with respect to any such transaction (i) the transaction must be effected at a price that is fair to clients on both sides of the trade, (ii) neither Korenvaes Management nor any of its affiliates may receive any compensation for effecting the trade and (iii) the trade must be in the best interests of the client.

Korenvaes Management's principals, employees or other related persons may from time to time purchase interests in one or more Advisory Clients and such investments if made by employees of Korenvaes Management (and not its members) may not be subject to the management fees or performance-based fees described above in Item 5. The offering memorandum of the applicable Advisory Client provided to each potential investor discloses this fact.

The fact that Korenvaes Management's related persons, in their capacities as general partners of certain Advisory Clients, and Korenvaes Management's principals, employees and other related persons have financial ownership interests in Advisory Clients creates a potential conflict in that it could cause Korenvaes Management to make different investment decisions than if such parties did not have such

financial ownership interests. Korenvaes Management may have an incentive to favor accounts in which such persons have an interest with respect to trading opportunities, trade allocation and allocation of investment opportunities.

Korenvaes Management has adopted stringent rules to detect and prevent conflicts of interest that arise when Korenvaes Management's related persons own, buy or sell securities. The Code requires Korenvaes Management employees to place the interests of clients first, and on an annual basis each Korenvaes Management employee must certify that he or she has read and understands the Code and has complied with its provisions. Each principal and employee of Korenvaes Management is required to adhere to Korenvaes Management's personal trading rules. Korenvaes Management's personal securities transaction pre-clearance and reporting requirements are described in Item 11.A.

Additional conflicts are present in connection with the receipt by Korenvaes Management or an affiliate of management and performance-based fees. The management fees are payable without regard to the overall success or income earned by Advisory Clients and therefore may create an incentive on the part of Korenvaes Management to raise or otherwise increase assets under management to a higher level than would be the case if Korenvaes Management were receiving a lower or no management fee. Performance-based fees also create certain inherent conflicts of interest with respect to Korenvaes Management's management of assets. Specifically, Korenvaes Management's entitlement to a performance-based fee in managing one or more accounts may create an incentive for it to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation.

C. If you or a *related person* invests in the same securities (or related securities, *e.g.*, warrants, options or futures) that you or a *related person* recommends to *clients*, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.

Korenvaes Management's employees are permitted to make securities transactions in their personal accounts. This presents potential conflicts in that an employee could make improper use of information regarding an Advisory Client's holdings or future transactions or research paid for by the Advisory Clients. Korenvaes Management manages the potential conflicts of interest inherent in employee trading by strict enforcement of the Code, which includes pre-clearance and reporting requirements as described above in Item 11.A.

D. If you or a *related person* recommends securities to *clients*, or buys or sells securities for *client* accounts, at or about the same time that you or a *related person* buys or sells the same securities for your own (or the *related person's* own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

Please refer to Items 11.A, 11.B and 11.C.

Item 12 – Brokerage Practices

A. Describe the factors that you consider in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (e.g., commissions).

1. Research and Other Soft Dollar Benefits. If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with *client* securities transactions (“soft dollar benefits”), disclose your practices and discuss the conflicts of interest they create.

a. Explain that when you use *client* brokerage commissions (or markups or markdowns) to obtain research or other products or services, you receive a benefit because you do not have to produce or pay for the research, products or services.

b. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving the research or other products or services, rather than on your *clients*’ interest in receiving most favorable execution.

c. If you may cause *clients* to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), disclose this fact.

d. Disclose whether you use soft dollar benefits to service all of your *clients*’ accounts or only those that paid for the benefits. Disclose whether you seek to allocate soft dollar benefits to *client* accounts proportionately to the soft dollar credits the accounts generate.

e. Describe the types of products and services you or any of your *related persons* acquired with *client* brokerage commissions (or markups or markdowns) within your last fiscal year.

f. Explain the procedures you used during your last fiscal year to direct client transactions to a particular broker-dealer in return for soft dollar benefits you received.

Korenvaes Management has authority for selecting the broker-dealer used in each transaction for Advisory Clients and for negotiating the fees to be paid to the broker-dealer in connection with such transactions. In choosing brokers and dealers, Korenvaes Management is not required to consider any particular criteria. For the most part, Korenvaes Management seeks the best combination of brokerage expenses, electronic trading technology, and execution quality but, as discussed below, Korenvaes Management is not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. In evaluating “execution quality”, historical net prices (after markups, markdowns or other transaction-related compensation) on other transactions is a principal factor, but other factors are also relevant, including: the execution, clearance, and settlement and error correction capabilities of the broker or dealer generally and in connection with securities of the type and in the amounts to be bought or sold; the broker’s or dealer’s willingness to commit capital; reliability, responsiveness and financial stability of the broker dealer; the size of the transaction; availability of securities to borrow for short sales; and the market for the security.

In addition to execution quality, Korenvaes Management may consider whether a broker or dealer may provide access to management of companies in which Korenvaes Management has invested or is considering investing on behalf of its clients. Advisory Clients may pay commissions to such firms in an amount greater than the amount another firm might charge.

In addition to execution quality and access to management, Korenvaes Management may consider the value of various services or products, beyond execution, that a broker-dealer provides to the Advisory Client or Korenvaes Management. Selecting a broker-dealer in recognition of such other services or products is known as paying for those services or products with “soft dollars”. If Korenvaes Management uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, Korenvaes Management receives a benefit because it does not have to produce or pay for the research, products or services. Because such research, products or services could benefit Korenvaes Management or its affiliates, Korenvaes Management may have a conflict of interest in allocating Advisory Client brokerage business, including an incentive to select or recommend a broker-dealer based on Korenvaes Management’s interest in receiving the research or other products or services, rather than Advisory Clients’ interest in receiving most favorable execution. Korenvaes Management currently has no such arrangements, but in the event that Korenvaes Management enters into such arrangements, Korenvaes Management intends to keep the use of “soft dollars”, if any, within the parameters of Section 28(e) of the Securities Exchange Act of 1934. Further, Korenvaes Management will amend its Form ADV as necessary to reflect any such arrangement.

On a periodic basis, Korenvaes Management systematically evaluates the execution performance and technology (trading and reporting) of brokers and dealers executing its transactions, the allocation among firms and the transaction costs that clients are charged. Korenvaes Management regularly assesses the quality of executions and technology and the effectiveness of its order execution arrangements and execution policy, with reviews conducted annually or whenever a material change occurs that affects its ability to continue to obtain best pricing.

From time to time trade errors may occur with respect to transactions made on behalf of Advisory Clients. Any trade correction or order allocation mistake will be immediately reported to the CCO (or if unavailable, the CEO, or if unavailable, Benjamin Weinstein) and will be corrected in an expeditious manner by the prime broker at the instruction of the Company’s staff. Korenvaes Management generally will bear the cost of correcting trade errors.

2. Brokerage for *Client* Referrals. If you consider, in selecting or recommending broker-dealers, whether you or a *related person* receives *client* referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.

a. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving *client* referrals, rather than on your *clients*’ interest in receiving most favorable execution.

b. Explain the procedures you used during your last fiscal year to direct *client* transactions to a particular broker-dealer in return for *client* referrals.

In selecting broker-dealers and negotiating the fees to be paid to them, Korenvaes Management takes into consideration the factors described in Item 12.A.1 above. Korenvaes Management does not consider, in selecting or recommending broker-dealers, whether Korenvaes Management or its related persons receive client referrals from a broker-dealer or third party.

3. Directed Brokerage.

a. If you routinely recommend, request or require that a *client* direct you to execute transactions through a specified broker-dealer, describe your practice or policy. Explain that not all advisers require their *clients* to direct brokerage. If you and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, describe the relationship and discuss the conflicts of interest it presents. Explain that by directing brokerage you may be unable to achieve most favorable execution of *client* transactions, and that this practice may cost *clients* more money.

b. If you permit a *client* to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of *client* transactions. Explain that directing brokerage may cost *clients* more money. For example, in a directed brokerage account, the *client* may pay higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the *client* may receive less favorable prices.

Korenvaes Management does not have any directed brokerage arrangements.

B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various *client* accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to *clients* of not aggregating.

Korenvaes Management may but is under no obligation to combine orders on behalf of Advisory Clients with orders for other accounts for which it or its affiliates have trading authority, or in which it or its affiliates have an economic interest. In such cases, Korenvaes Management allocates the securities or proceeds arising out of those transactions (and the related transaction expenses) on an average price basis among the various participants. While Korenvaes Management believes combining orders in this way is, over time, advantageous to all participants, in particular cases the average price could be less advantageous to one Advisory Client than if such Advisory Client had been the only account effecting the transaction or had completed its transaction before the other participants.

Some of Korenvaes Management's Advisory Clients may use the same strategies or make the same investment decisions based on a different strategy. In the event a determination is made that two or more Advisory Clients should purchase or sell the same securities at the same time, the securities will generally be allocated pro rata (to the extent feasible) in a manner believed to be equitable to each. Typically, this involves allocating a trade pro-rata between Advisory Clients based on the amount of capital allocated to the specific strategies in the different Advisory Clients. Circumstances may occur, however, in which an allocation could have adverse effects on such Advisory Clients with respect to the price or size of securities positions obtainable or salable.

Item 13 – Review of Accounts

A. Indicate whether you periodically review *client* accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the *supervised persons* who conduct the review.

The three portfolio managers of Korenvaes Management generally review the portfolios of each Advisory Client each business day to determine if they are consistent with applicable investment objectives and restrictions. The portfolio managers will also consider whether the portfolio should change investments based on various factors, including but not limited to, changes in company fundamentals, advisers, key industry personnel, analysts, news and press releases, general market conditions and assessment of the financial consequences of world events derived from general information or such other material as is appropriate under the particular circumstances. On a periodic basis, designated portfolio managers and Korenvaes Management's compliance team systematically evaluate the execution performance of brokers and dealers executing their transactions, the allocation among firms and the transaction costs that clients are charged.

B. If you review *client* accounts on other than a periodic basis, describe the factors that trigger a review.

Please see Item 13.A.

C. Describe the content and indicate the frequency of regular reports you provide to *clients* regarding their accounts. State whether these reports are written.

Shareholders and limited partners of Advisory Clients generally receive unaudited monthly written reports describing the performance of such Advisory Clients and annual reports containing audited financial statements and other indicia of performance.

Item 14 – Client Referrals and other Compensation

A. If someone who is not a *client* provides an economic benefit to you for providing investment advice or other advisory services to your *clients*, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.

Korenvaes Management does not receive any monetary compensation or any other economic benefit from a non-client for Korenvaes Management's provision of investment advisory services to a client.

B. If you or a *related person* directly or indirectly compensates any *person* who is not your *supervised person* for *client* referrals, describe the arrangement and the compensation.

Korenvaes Management does not compensate any third party marketers, or any other persons, in connection with client referrals.

Item 15 – Custody

If you have *custody* of *client* funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your *clients*, explain that *clients* will receive account statements from the broker-dealer, bank or other qualified custodian and that *clients* should carefully review those statements. If your *clients* also receive account statements from you, your explanation must include a statement urging *clients* to compare the account statements they receive from the qualified custodian with those they receive from you.

Korenvaes Management and its related persons serving as general partners to Advisory Clients are deemed, under federal securities laws, to have custody of Advisory Client assets by virtue of their status as investment manager or general partner, respectively. Korenvaes Management and such related persons do not have actual physical custody of any Advisory Client assets; rather, all such assets are held in the name of each of the applicable Advisory Clients by an independent qualified custodian. Such Advisory Clients are audited annually, and investors generally receive capital account statements on a monthly basis directly from the Applicable Advisory Client's Administrator and annual financial statements, as required by applicable law.

In accordance with standard business practices, Korenvaes Management's Advisory Clients are required from time to time, by their respective trading counterparties, to post collateral in connection with various trading positions between an Advisory Client and a trading counterparty. As a result of the Advisory Client posting collateral to the trading counterparty (and for as long as the trading counterparty holds such collateral), the counterparty is deemed to have custody of the Advisory Client's assets. As of December 31, 2011, the following trading counterparties were deemed to be qualified custodians having custody of Advisory Client assets: Deutsche Bank; Jefferies Funding LLC; Jefferies International Limited; Morgan Stanley & Co LLC; Morgan Stanley & Co. International PLC; Morgan Stanley Capital Services LLC; and UBS.

In addition to the trading counterparties that are deemed to have custody of Advisory Client assets by reason of their holding of any amount of collateral posted by the Advisory Client in connection with trading activity, Korenvaes Management's maintains formal custodial relationships with the following qualified custodians: JP Morgan, BNP Paribas, Fidelity, Goldman Sachs & Co., and UBS. Korenvaes Management's reviews Advisory Client custodial arrangements from time to time and may appoint additional or substitute custodians.

Item 16 – Investment Discretion

If you accept *discretionary authority* to manage securities accounts on behalf of *clients*, disclose this fact and describe any limitations *clients* may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).

Korenvaes Management generally provides investment management and supervisory services on a discretionary basis on behalf of its Advisory Clients. As described in Item 4.C, the advisory services provided by Korenvaes Management are tailored to the investment objectives, investment strategy and investment restrictions, if any, as set forth in the governing documents of Advisory Clients and/or the investment management agreement entered into by Korenvaes Management with such clients. With respect to Advisory Clients, Korenvaes Management does not tailor its advisory services to the individual needs of investors in the Advisory Client and does not accept investment restrictions imposed by such Advisory Client investors, except in certain instances where such investors may opt out of Advisory Client investments that would be designated for side-pockets.

Advisory Client investors typically execute a subscription agreement and governing documents of the Advisory Client in connection with their investment in the Advisory Client that each contain a power of attorney.

Please see Item 4 for additional information regarding Korenvaes Management's advisory services.

Item 17 – Voting Client Securities

A. If you have, or will accept, authority to vote *client* securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your *clients* can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your *clients* with respect to voting their securities. Describe how *clients* may obtain information from you about how you voted their securities. Explain to *clients* that they may obtain a copy of your proxy voting policies and procedures upon request.

From time to time, an issuer of an equity security that is owned by an Advisory Client will conduct a proxy solicitation of its shareholders to vote on various matters. Korenvaes Management has adopted policies and procedures for voting proxies received by Advisory Clients. As a general rule, the investment management agreements between Korenvaes Management and its advised clients delegate the power to vote such proxies to Korenvaes Management. Investors in Advisory Clients do not have the ability to direct proxy votes.

Unless the power to vote proxies for an Advisory Client is reserved to that client, Korenvaes Management's Chief Executive Officer or his designee is responsible for voting proxies. Korenvaes Management's proxy voting procedures require its Chief Executive Officer to vote proxies related to securities held by any Advisory Client in a manner solely in the best interest of the client. The Chief Executive Officer is to consider only those factors that relate to the client's investment, including how the vote will economically impact and affect the value of the client's investment. Prior to voting, the Chief Executive Officer verifies that he or she has the authority to vote, and if so, will determine whether his or her voting is subject to guidelines issued by the Advisory Client.

Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders. Proxy votes generally will be cast against proposals having the opposite effect. In voting on each issue, the Chief Executive Officer is to vote in a prudent and diligent fashion and only after a careful evaluation of the issue presented on the ballot.

In some instances, the Chief Executive Officer may determine that it is in the best interests of Korenvaes Management's clients not to vote or consent or that a vote or consent is not required.

If the Chief Executive Officer determines that a material conflict may exist between an Advisory Client's interests and Korenvaes Management's interest or between two or more Advisory Client's interests, the Chief Executive Officer is required to inform the Chief Compliance Officer of such material conflict and the Chief Compliance Officer then determines the appropriate course of action.

Information regarding how Advisory Clients' proxies have been voted in the past and a copy of Korenvaes Management' Proxy Voting Policies and Procedures will be provided by Korenvaes Management to its clients upon request. Korenvaes Management's Chief Compliance Officer may be contacted at **boliver@korenvaes.com**.

B. If you do not have authority to vote *client* securities, disclose this fact. Explain whether *clients* will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) *clients* can contact you with questions about a particular solicitation.

As a general rule, the investment management agreements between Korenvaes Management and its advised clients delegate the power to vote such proxies to Korenvaes Management.

Item 18 – Financial Information

A. If you require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, include a balance sheet for your most recent fiscal year.

1. The balance sheet must be prepared in accordance with generally accepted accounting principles, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity.

2. Show parenthetically the market or fair value of securities included at cost.

3. Qualifications of the independent public accountant and any accompanying independent public accountant's report must conform to Article 2 of SEC Regulation S-X.

Not applicable.

B. If you have *discretionary authority* or *custody* of *client* funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to *clients*.

Korenvaes Management is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its Advisory Clients.

C. If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.

Korenvaes Management has not been the subject of a bankruptcy petition at any time during the past ten years.

Part 2A Appendix 1 of Form ADV: *Wrap Fee Program Brochure*

Not applicable.