

Item 1. Cover Page

PART 2A OF FORM ADV: FIRM BROCHURE

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This brochure (“**Brochure**”) provides information about the qualifications and business practices of Black Capital, LLC (“**Black Capital**”). If you have any questions about the contents of this Brochure, please contact us at 212-474-6800 or via email, to Derek Webb at derek.webb@blackcapital.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

Additional information about Black Capital also is available on the SEC’s website at www.adviserinfo.sec.gov.

Black Capital is registered as an investment adviser with the SEC under the U.S. Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). SEC registration does not imply a certain level of skill or training.

Item 2. Material Changes

There have been no specific material changes made to the brochure since the previous filing. We will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our fiscal year. We may also provide other ongoing disclosure information about material changes as necessary and provide you with a new brochure as necessary based on changes or new information, at any time, without charge.

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Item 4. Advisory Business

A. Description of your advisory firm, including how long you have been in business and principal owner(s)

Black Capital is a Delaware limited liability company that was formed in October 2009 under the original name “Black Capital Management, LLC”. Pursuant to a Certificate of Name Change dated October 30, 2009, Black Capital Management, LLC changed its name to “Black Capital, LLC.” An affiliate of Black Capital, Black Capital Group LLC, a Delaware limited liability company formed in May 2010, is the general partner of the Domestic Feeder (the “**General Partner**”) and the sole holder of a distributing class of shares in the Master Fund (in such capacity, the “**Special Shareholder**”). The Adviser and the General Partner are filing a single form ADV based upon the SEC’s expressed position in the American Bar Association No-Action Letter published on January 18, 2012. The owners and founding members of Black Capital and the General Partner are Gary D. Black and Sean G. Simon.

B. Types of Advisory Services

Black Capital provides discretionary investment advisory services to commingled privately placed investment funds (the “**Funds**”) intended for sophisticated investors. As discussed in more detail in Item 8 below, Black Capital’s principal investment strategy is fundamental long/short equity with a focus on enduring and eroding global franchises. Black Capital employs a disciplined, research-driven investment process in order to identify long positions in securities that Black Capital believes are priced below their intrinsic values, and to identify short positions in securities that it believes are priced above their intrinsic values.

The Funds currently pursue their investment strategy through a master-feeder fund structure consisting of a domestic feeder (organized as a Delaware limited partnership), and an offshore feeder (organized as a Cayman Islands exempted company), both of which invest their assets in a master fund (organized as a Cayman Islands exempted company). Accordingly, unless otherwise specified, the discussion in this Brochure of the investment activity of Black Capital relates to investments made by Black Capital on behalf of the Master Fund, and references herein to the investments or investment activity of the “Fund” or the “Funds” relates to the investments executed by and held by the Master Fund.

C. Individual Needs of Clients

As used herein, the term “**client**” refers to each private Fund managed by Black Capital, and the term “**investor**” refers to the underlying investors that have subscribed for and purchased interests of or shares in the Funds.

As investment manager, Black Capital has complete discretionary authority to invest and reinvest the assets of the Funds in accordance with the guidelines set forth in the Funds’ offering documents, although it should be noted that these guidelines provide Black Capital with broad and flexible investment authority. Black Capital does not tailor its advisory services to the specific or particular needs of any individual investors, nor may any investor impose investment restrictions on the Funds’ ability to invest in certain securities or types of securities.

Information about the Funds' investment objectives, strategies and guidelines is more fully described in the offering documents for each Fund. Since Black Capital does not provide individualized advice to underlying Investors in its Funds, such Investors should carefully consider whether a particular Fund meets their investment objectives and risk tolerance prior to investing in the fund.

D. Wrap Fee Programs

Black Capital does not participate in wrap fee programs.

E. Amount of Client Assets

As of March 29, 2012, Black Capital managed approximately \$13,027,577 of client assets on a discretionary basis. Black Capital does not currently manage any assets on a non-discretionary basis.

Item 5. Fees and Compensation

A. Compensation for Advisory Services

Investors and prospective investors should refer to the applicable Fund's confidential offering memorandum and related operative documents of the Fund for more detailed information regarding how Black Capital is compensated for its advisory services. The information contained herein is a summary only and is qualified in its entirety by such documents.

Black Capital receives compensation at the Master Fund level based on assets under management (the "**Management Fee**") and the General Partner (in its capacity as the Special Shareholder of the Master Fund) receives compensation at the Master Fund level based on the performance of the Master Fund's assets, subject to a loss carryforward (the "**Incentive Allocation**"). Detailed disclosure about the fees and other expenses applicable to an investment in the Funds is provided in the operative documents for the applicable Fund. The Management Fee is generally charged at an annual rate of 1.5% of net assets (although this rate may be reduced once the NAV of the Master Fund exceeds a certain target amount), and is generally paid on a monthly basis in arrears. The Incentive Allocation is equal to 10% to 20% of net appreciation of an investor's capital account and is generally payable as of the end of each fiscal year of the Master Fund. The rate charged depends on the Class of interests or shares in which the investor is invested.

These compensations may be waived or reduced for certain investors, including without limitation partners, principals, members, employees and officers (and their respective family members) of the General Partner, Black Capital and their affiliates, and funds or accounts managed by the General Partner or Black Capital or their affiliates and other select third parties, without notice to other investors.

B. Payment of Fees

Black Capital deducts fees from the assets of the Master Fund. Investors do not have the ability to choose to be billed directly for fees. The Management Fee is deducted on a monthly basis in arrears determined as of the last day of the applicable month, adjusted for any contributions, distributions and withdrawals during the month. The Incentive Allocation is deducted from the Master Fund on an annual basis at the end of each fiscal year, and on any date that withdrawals are made.

C. Other Fees and Expenses

Each feeder Fund bear all expenses related to its operations and investments, including the initial organizational expenses and ongoing offering expenses such as, printing costs, marketing costs and legal fees. In addition, each feeder Funds bears its pro rata portion of the fees and expenses of the Master Fund. Other costs and expenses payable by the Funds include the fees and expenses of the third-party administrator; legal fees and expenses; insurance premiums; costs incurred in connection with any claim, litigation (including settlement costs), arbitration, mediation, government investigation or dispute in connection with the business of the Funds and the amount of any judgment or settlement paid in connection therewith, or the enforcement of the

Fund's rights against any person; costs and expenses related to third party compliance and risk assessment services; professional fees (including fees and expenses of consultants and experts) relating to investments or contemplated investments; accounting, auditing and tax preparation expenses; taxes and governmental fees; printing and mailing expenses; quotation, pricing and valuation expenses, including fees and expenses of outside service providers; and all costs and expenses incurred in the event of the dissolution, winding up and termination of the Fund. In addition the Funds bear all investment or contemplated investment expenses such as costs related to research, data and information services, expenses relating to purchasing and operating risk analytical software, fees or commissions of any futures commission merchant, brokerage commissions, expenses relating to short sales, clearing and settlement charges, custodial fees and expenses, costs and charges for equipment or services used in communicating transaction information, bank service fees, interest expenses, borrowing costs .

As described above, the Funds will incur brokerage and other transaction costs. Please refer to Item 12 for additional information about brokerage expenses.

D. Payment of Fees in Advance

Management Fees are generally charged monthly in arrears and the Incentive Allocation is generally payable at the end of each fiscal year; thus, no client or investor is permitted or required to pay fees in advance.

E. Compensation for Sales of Securities

Not applicable. No supervised person receives compensation for the sale of securities or other investment products.

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

The General Partner (in its capacity as the Special Shareholder and the sole holder of Special Shares) receives performance-based compensation at the Master Fund level. The existence of performance-based compensation may create an incentive for Black Capital to cause the Funds to make investments that are riskier or more speculative than would be the case if this performance-based allocation were not made. In addition, since the performance-based compensation is calculated on a basis that includes unrealized appreciation of assets, such compensation may be greater than if it were based solely on realized gains.

Item 7 – Types of Clients

Please see the response to Item 4.B. above. Black Capital provides investment advisory services to private investment funds, namely the Funds.

The investors, while not considered clients of Black Capital under the Advisers Act, must meet certain eligibility provisions and suitability requirements. In general, all U.S. Investors must be (i) “accredited investors” within the meaning of Regulation D of the Securities Act of 1933, as amended and (ii) “qualified purchasers” within the meaning of Section 2(a)(51) of the Investment Company Act of 1940, as amended. Investors must meet other suitability requirements as described in the Offering Memorandum and in the subscription documents of the Funds.

The minimum initial investment from each investor is \$1 million, subject to waiver at Black Capital’s sole discretion.

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

A. Methods of Analysis and Investment Strategies

Black Capital is a fundamental long/short equity investment firm with a focus on enduring and eroding global franchises. Black Capital seeks to achieve attractive, risk-adjusted returns over a full market cycle through its disciplined, research-driven investment process.

Black Capital pursues its investment objective by taking long positions in that Black Capital believes have attractive long-term growth prospects and that are priced below their intrinsic values, and by taking short positions in financial instruments that Black Capital believes have slowing or poor growth prospects and/or that are priced above their intrinsic values. Black Capital may also employ short term trading strategies to capture perceived valuation opportunities caused by a change in fundamentals or expectations by investors in the marketplace.

Black Capital evaluates businesses strategically in order to identify companies that it believes can create enduring franchise value or are likely to experience eroding franchise value, and where this information is not yet discounted by the market. Black Capital combines a rigorous industrial and fundamental approach to equity investing and leverages the sector expertise and broad portfolio management experience of the investment team.

Black Capital believes that alpha generation is derived equally through (1) evaluation of business strategy and (2) fundamental security analysis. Black Capital's analysis is predicated on identifying businesses of both enduring and eroding value. Black Capital seeks to identify businesses where various forces are causing competitive dynamics and business strategies to shift. These forces may reflect superior innovation, branding, distribution, and/or management execution, or may be due to exogenous regulatory or legal forces.

Black Capital supplements its strategic insight and our core strategic viewpoints with deep fundamental research. Depending on underlying market circumstances, Black Capital seeks investment prospects characterized by either structural change or relative value to supplement our core strategic viewpoints

In taking long and short positions, Black Capital relies on fundamental research and quantitative analysis to assess the attractiveness of the investment opportunities, consistent with the objectives of the Master Fund. Black Capital does not intend the Master Fund to be market neutral and expects that it will normally hold a higher percentage of its assets in long positions than short positions, although this may not be the case for extended periods. To manage the Master Fund's net exposure between long and short positions, Black Capital may use financial instruments that provide exposure to the equity markets, including exchange traded funds, options, futures, and other index-based products. While Black Capital currently intends that a significant portion of the portfolio will be held in or have exposure to equity securities, Black Capital may also take long or short positions in fixed income securities, including without limitation if Black Capital believes doing so will provide the Master Fund with better risk-adjusted returns than underlying equity securities.

The Master Fund has the power to borrow funds and utilize leverage through various methods (including margin, futures and swaps), and may do so when deemed appropriate by the General Partner and Black Capital, including to finance its trading operations, to enhance the Master Fund's returns and to satisfy withdrawals that would otherwise result in the premature liquidation of investments. The Master Fund may borrow funds from brokers, banks and other lenders, including Black Capital. There is no limit on the amount of leverage the Master Fund may utilize.

B. Material Risks Involved for Each Significant Strategy or Method of Analysis

Investing in securities involves risk of loss that clients should be prepared to bear and there can be no assurance that Black Capital will achieve its investment objective.

The Master Fund's investment program is speculative and entails substantial risks. The investment practices described above could result in substantial losses to the Master Fund. There can be no assurance that the Master Fund will be profitable or the investment objective of the Master Fund will be achieved.

Investment Approach

Black Capital has broad and flexible investment authority, and may trade in any of a broad array of investments and strategies across various issuers, sectors and geographic regions, that it determines are appropriate in respect of the Master Fund's investment objective. Additionally, Black Capital's strategies may change and evolve materially over time. Black Capital is not subject to formal diversification policies limiting the Master Fund's portfolio investments or to formal leverage policies limiting the leverage to be used by the Master Fund. Black Capital may utilize such leverage, position size, duration and other portfolio management techniques as it believes appropriate for the Master Fund. Prospective investors must recognize that by investing in the Master Fund, they are placing their capital under the full discretionary management of Black Capital and authorizing Black Capital to trade for the Master Fund using whatever strategies in such manner as Black Capital may determine. Investors may not generally be informed of any changes in Black Capital's strategies or trading outlook. There can be no assurance that Black Capital will be successful in applying its approach and there is material risk that an investor may suffer significant impairment or total loss of its investment in the Master Fund.

Frequent Trading and Turnover

It is expected that the Master Fund will make frequent trades in securities and other investments. Frequent trades typically result in high transaction costs. In addition, the Master Fund may invest on the basis of short-term market considerations. The turnover rate within the Master Fund may be significant, potentially involving substantial brokerage commissions and fees. As a result, it is anticipated that a significant portion of the Master Fund's income and gains, if any, may be derived from ordinary income and short-term capital gains.

Leverage and Borrowing Risks

The Master Fund has the power to borrow funds and utilize leverage through various methods (including margin, futures and swaps), and may do so when deemed appropriate by the General Partner and Black Capital, including to finance its trading operations, to enhance the Master Fund's returns and to satisfy withdrawals that would otherwise result in the premature liquidation of investments. The Master Fund may borrow funds from brokers, banks and other lenders. There is no limit on the amount of leverage the Master Fund may utilize. The rights of any lenders to the Master Fund will be senior to those of the investors. As a condition to borrowing, the Master Fund may be required to comply with certain investment guidelines, and the terms of any borrowings may contain provisions that limit certain activities of the Master Fund. The Master Fund's access to capital could be impaired by many factors, including market forces or regulatory changes. If the Master Fund is unable to borrow capital, it may need to dispose of assets in order to meet liabilities.

The use of leverage will increase the volatility of the Master Fund's investments and can, in certain circumstances, magnify the losses to which the Master Fund's investment portfolio may be subject. Such leverage, which may be substantial, may be achieved through, among other methods, purchases of securities on margin and the use of options, futures, forward contracts, repurchase and reverse repurchase agreements and swaps. The purchase of options, futures, forward contracts, repurchase agreements, reverse repurchase agreements and equity swaps generally involves little or no margin deposit and, therefore, provides substantial leverage. Accordingly, relatively small price movements in these financial instruments may result in immediate and substantial losses to the Master Fund.

Trading securities on margin results in interest charges and, depending on the amount of trading activity, such charges could be substantial. The level of interest rates generally, and the rates at which the Master Fund can borrow in particular, can affect the operating results of the Master Fund. Any restriction on the availability of credit from lenders could adversely affect the Master Fund's performance.

The use of margin and short-term borrowing creates several risks for the Master Fund. If the value of the Master Fund's securities falls below the margin levels required by a bank or dealer that provides financing to the Master Fund, additional margin deposits would be required, and the Master Fund may be required to liquidate assets quickly and/or at disadvantageous prices to meet such deposits. Moreover, the bank or dealer can apply essentially discretionary margin, haircut, financing and collateral valuation policies, which, if changed, may result in margin calls. If the Master Fund is unable to satisfy any margin call by a Prime Broker, then the Prime Broker could liquidate the Master Fund's position in some or all of the financial instruments that are in the Master Fund's account with the Prime Broker, which could cause the Master Fund to incur significant losses, and/or could close down the Master Fund's trading lines, which could have a material adverse effect on the Master Fund's ability to trade. The failure to satisfy a margin call, or the occurrence of other material defaults under margin and other financing agreements, may trigger cross-defaults under the Master Fund's agreements with other brokers, lenders, clearing firms or other counterparties (including other prime brokers), multiplying the adverse impact to the Master Fund. In addition, because the use of leverage allows the Master Fund to control positions worth significantly more than its investment in those positions, the amount that the

Master Fund may lose in the event of adverse price movements is high in relation to the amount of its investment and margin calls could exceed the value of the assets of the Master Fund. There can be no assurances that the Master Fund will be able to secure or maintain adequate financing, without which the Master Fund may not continue to be viable.

Accuracy of Public Information

Black Capital selects investments for the Master Fund, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to Black Capital by the issuers or through sources other than the issuers. Black Capital will also rely on information obtained from others regarding financial, economic, business and market conditions, factors and trends. Black Capital is not in a position to independently verify the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available. As a result, Black Capital is dependent upon the integrity of both the management of these issuers and other sources of information and on the financial reporting process in general. The Master Fund could incur material losses as a result of corporate mismanagement, fraud and accounting irregularities.

Master-Feeder Fund Structure

As noted above, the Partnership invests (and the Offshore Feeder will invest) substantially all of its assets (other than short-term funds pending subscription, redemption and the payment of expenses) through a “master-feeder” fund structure directly in the Master Fund. The “master-feeder” fund structure, in particular the existence of multiple investment vehicles investing in the same portfolio, presents certain unique risks to investors. By investing in the Master Fund indirectly through the Partnership, an investor in the Partnership bears a proportionate share of the fees and expenses of the Master Fund (including organizational and offering expenses, operating costs, sales charges, brokerage expenses and administrative fees). Thus, an investor in the Partnership may be subject to higher operating expenses than if the investor invested in the Master Fund directly or in a fund which did not utilize a “master-feeder” fund structure. Moreover, smaller investment vehicles investing in the Master Fund could be materially affected by the actions of larger investment vehicles investing in the Master Fund. For example, if a larger investment vehicle withdraws from the Master Fund, the remaining investors in the Master Fund might experience higher pro rata operating expenses, thereby producing lower returns. Similarly, the Master Fund could become less diverse due to a withdrawal by a larger investment vehicle, resulting in increased portfolio risk.

The use of a “master-feeder” fund structure also may create a conflict of interest in that different tax considerations for the Partnership and other feeder funds may result in the Master Fund structuring or disposing of an investment in a manner that is more advantageous to investors in one feeder fund than another feeder fund, including the Partnership.

Risks of Investments Generally

All investments risk the loss of capital. No guarantee or representation is made that the Master Fund’s investment program will be successful. The Master Fund’s investment program may involve, without limitation, risks associated with limited diversification and high concentration,

leverage, investments in speculative assets and the use of speculative and possibly untested investment strategies and techniques, interest rates, currencies, volatility, tracking risks in hedged positions, security borrowing risks in short sales, credit deterioration or default risks, systems risks and other risks inherent in the Master Fund's activities. Certain investment techniques of the Master Fund (e.g., use of leverage directly or indirectly through leveraged investments) can, in certain circumstances, magnify the impact of adverse market moves to which the Master Fund may be subject. In addition, the Master Fund's investments may be materially affected by conditions in the financial markets and by overall economic conditions occurring globally and in particular countries or markets where the Master Fund may invest its assets. Some of these risks cannot and/or will not be hedged.

The Master Fund's methods of minimizing such risks may not accurately predict future risk exposures. Risk management techniques are based in part on the observation of historical market behavior, which may not predict market divergences that are greater than historical indicators. Also, information used to manage risks may not be accurate, complete or current, and such information may be misinterpreted.

Market Risk

The success of the Master Fund is highly dependent upon conditions in the global financial markets and economic conditions throughout the world that are outside the Master Fund's control and difficult to predict, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Master Fund's investments), trade barriers, commodity prices, currency exchange rates and controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of securities prices and the liquidity of the Master Fund's investments. Volatility or illiquidity could impair the Master Fund's performance or result in losses. The Master Fund may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets; the larger the Master Fund's positions, the greater the potential for loss.

Unpredictable or unstable market conditions may result in reduced opportunities to find suitable investments to deploy capital and make it more difficult to exit and realize value from existing investments, which could materially adversely affect the Master Fund's performance. In addition, during such periods, financing and merger and acquisition activity may be greatly reduced, making it harder and more competitive to find suitable event-driven opportunities. Also, during periods of adverse economic conditions or during a tightening of global credit markets, the Master Fund may have difficulty obtaining funding for additional investments at attractive rates.

The performance of a significant portion of the Master Fund's investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that Black Capital will be able to predict accurately these price movements. With respect to the investment strategy utilized by the Master Fund, there will be significant market risk.

Volatility

The prices of equity securities and other financial instruments in which the Master Fund may invest can be highly volatile. Global credit and other financial market conditions began to deteriorate in 2008, as loss of investor confidence in the financial system resulted in a historically unprecedented lack of liquidity, decline in asset values, and the bankruptcy or acquisition of, or government assistance to, several major domestic and international financial institutions. The resulting impact has affected the global financial markets generally and has been exacerbated by, among other things, uncertainty regarding the extent of the problems in the banking and financial services industries and the degree of exposure of financial institutions and other market participants, increased aversion to risk by investors and lenders, and the tightened availability of credit. These factors, combined with volatile commodity prices and foreign exchange rates, contributed to recessionary economic conditions globally and a deterioration in consumer and corporate confidence and could further exacerbate the overall market disruptions and risks to market participants, including the Master Fund.

The continuation or further deterioration of current market conditions could result in additional declines in market values. Such declines may affect the level and volatility of securities prices and the liquidity and the value of the Master Fund's investments and could lead to losses and diminished investment opportunities for the Master Fund, prevent the Master Fund from successfully executing its investment strategies or require the Master Fund to dispose of investments at a loss. While current or deteriorated market conditions persist, the Master Fund will also be subject to heightened risks associated with the potential failure of brokers, dealers and counterparties, as well as increased systemic risks associated with the potential failure of one or more systemically important institutions.

Concentration

There is no requirement that the Master Fund diversify its investments. Black Capital may concentrate the Master Fund's investments in a limited number of positions, as well as a limited number of issuers, sectors and geographic regions. As a result, the Master Fund's performance may become more susceptible than a diversified portfolio to fluctuations in value or loss resulting from adverse economic or business conditions that affect those positions, issuers, sectors or geographic regions. Due to the potential concentration of the Master Fund's portfolio, the performance of a single investment may have a significant impact on the Master Fund's overall portfolio. For example, the Master Fund could be subject to significant losses if it holds a relatively large position in a single company or a particular type of investment that declines in value, and the losses could increase even further if the investments cannot be liquidated in a timely manner or without adverse market reaction as a result of the size of the Master Fund's investment in the position or otherwise. Moreover, investments concentrated in a particular position, sector, industry group or subgroup, or geographic region will be subject to the risks of that position, issuer, sector or geographic region, which may include, but are not limited to, rapid obsolescence of technology, sensitivity to regulatory changes, minimal barriers to entry, and sensitivity to overall market swings.

Equity Securities

The Master Fund invests in, among other instruments, equity and equity-related securities. Equity securities fluctuate in value in response to many factors, including the activities and financial condition of individual companies, the business market in which individual companies compete, industry market conditions, interest rates and general economic environments. As a result, the Master Fund may suffer losses if it invests in equity instruments of issuers whose performance diverges from Black Capital's expectations or if equity markets generally move in a single direction and the Master Fund has not hedged against such a general move. In addition, events such as domestic and international political instability, terrorism and natural disasters may be unforeseeable and contribute to market volatility in ways that may adversely affect investments made by the Master Fund.

Issuer Risks

The issuers of securities acquired by the Master Fund will sometimes involve a high degree of business and financial risk. These companies may be in an early stage of development, may not have a proven operating history, may be operating at a loss or have significant variations in operating results, may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence, may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition.

Issuers of securities acquired by the Master Fund may be highly leveraged. Leverage may have important adverse consequences to the Master Fund. These issuers may be subject to restrictive financial and operating covenants. The leverage may impair the issuers' ability to finance their future operations and capital needs. As a result, the issuers' flexibility to respond to changing business and economic conditions and to business opportunities may be limited. A leveraged company's income and net assets will tend to increase or decrease at a greater rate than if borrowed money were not used.

In addition, such companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing, and other capabilities, and a larger number of qualified managerial and technical personnel.

Derivative Instruments Generally

The Master Fund may use various derivative instruments, including options, futures, forward contracts, swaps and other derivatives, which may be volatile and speculative. Depending upon the characteristics of the particular derivative and the portfolio as a whole, the use of derivatives may involve risks different from, or possibly greater than, the risks associated with investing directly in securities or more traditional investments. Certain derivative positions may be subject to wide and sudden fluctuations in market value. Derivatives, especially over the counter derivatives engaged as a privately negotiated contract against a principal counterparty, may be subject to adverse valuations reflecting the counterparty's marks (or valuations), which might not correspond to the valuations of other market or exchange-traded instruments. Derivatives used

for hedging purposes may not correlate perfectly with the underlying investment sought to be hedged. Derivative instruments may not be liquid in all circumstances, so that in volatile markets the Master Fund may not be able to close out a position without incurring a loss. Trading in derivative instruments can result in large amounts of leverage, which may magnify the gains and losses experienced by the Master Fund and could cause the Master Fund's NAV to be subject to wider fluctuations than would otherwise be the case. While derivatives used for hedging purposes can reduce or eliminate losses, such use can also reduce or eliminate gains. When the Master Fund uses derivatives as an investment vehicle to gain market exposure, rather than for hedging purposes, any loss on the derivative investment will not be offset by gains on another hedged investment. Derivatives may also entail investment exposures that are greater than their cost would suggest, meaning that a small investment in derivatives could have a large potential impact on the Master Fund's performance. The Master Fund is therefore directly exposed to the risks of the derivatives in which it invests. Derivatives may not be available to the Master Fund upon acceptable terms. As a result, the Master Fund may be unable to use derivatives for hedging or other purposes. Also, the market for many derivatives is, or suddenly can become, illiquid, which may result in significant, rapid, and unpredictable changes in the prices for derivatives.

Short Sales

The Master Fund's investment program will, on a regular basis, include short selling. Short selling involves selling securities which are not owned by the short seller and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from a decline in market price to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which the Master Fund engages in short sales will depend upon Black Capital's investment strategy and opportunities. Short sales can, in certain circumstances, substantially increase the effect of adverse price movements on the Master Fund's portfolio. 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 a theoretically unlimited loss because of an inability to cover the short position. There is the risk that the securities borrowed by the Master Fund in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the Master Fund might be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier. There can be no assurance that securities necessary to cover a short position will be available for purchase. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating any loss.

Many jurisdictions have recently imposed restrictions and reporting requirements on short selling. In particular, in the fall of 2008, several regulatory authorities, including but not limited to the SEC and the United Kingdom Financial Services Authority, temporarily suspended short selling on stocks of publicly traded companies and/or changed reporting requirements in respect of such short sales. These restrictions and reporting requirements may prevent the Master Fund from successfully implementing its investment strategies, including without limitation as part of its long/short strategies or in connection with hedging its investments, and achieving its

investment objective. In addition, reporting requirements relating to short selling may provide transparency to the Master Fund's competitors as to the Master Fund's short positions, which may have a detrimental impact on the Master Fund's returns.

Hedging Transactions

The Master Fund may, but is not obligated to, utilize financial instruments, both for investment purposes and for risk management purposes in order to: (i) protect against possible changes in the market value of the Master Fund's investment portfolios resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect the Master Fund's unrealized gains in the value of the Master Fund's investment portfolios; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in the Master Fund's portfolios; (v) hedge the currency exchange rate or interest rate on any of the Master Fund's liabilities or assets; (vi) protect against any increase in the price of any securities the Master Fund anticipates purchasing at a later date; or (vii) for any other reason that Black Capital deems appropriate.

The success of the Master Fund's hedging strategies will depend, in part, upon Black Capital'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 portfolio investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Master Fund's hedging strategy will also be subject to Black Capital's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. In addition, certain hedging instruments and markets may not be liquid in all circumstances. As a result, in volatile markets, the Master Fund may not be able to close out a transaction in certain of these instruments without incurring losses substantially greater than the initial deposit. While the Master Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Master Fund than if it had not engaged in such hedging transactions. For a variety of reasons, Black Capital may be unable to, or might not seek to, establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent the Master Fund from achieving the intended hedge or expose the Master Fund to risk of loss. Black Capital might not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Master Fund's portfolio holdings. There can be no assurance that the Master Fund's hedging strategies, even if successful, will result in the Master Fund's performance being uncorrelated to the markets.

Investment in Exchange-Traded Funds

The Master Fund may invest in exchange-traded funds, exchange-traded notes and other exchange-traded investment products (collectively, "ETFs"), and may incur fees and expenses in connection with any such investments, including, without limitation, brokerage commissions and fees and expenses charged by the ETF and its service providers. If the Master Fund wishes to realize all or a portion of its investment in an ETF, it must generally sell its interest on a securities exchange or other trading venue at a price set by the market. There can be no

assurance that the market price for such interest will reflect its underlying NAV, and such interest may trade at a significant discount to NAV for extended periods of time or at all times. There can be no assurance that an active trading market in the interest of an ETF will develop or will be sustained, and if no such market is developed or sustained, the price and liquidity of such investment may be adversely affected. In addition, although ETFs are generally designed to track a specific index, there can be no assurance that an ETF will track its underlying index closely or with a high degree of correlation. This risk is heightened in the case of ETFs tracking indices that are comprised of issuers with limited liquidity, that are based on certain non-U.S. issuers or that are based on certain commodities.

In the event that the Master Fund invests in an ETF (such as a commodity-based ETF) that is not registered as an investment company under the 1940 Act, the Master Fund's investment will not be afforded the protections of such act in connection with such investment. In addition, in the event that the Master Fund invests in an exchange-traded note, the Master Fund will be subject to the credit risk of the issuer of the note. Since ETFs (and commodity-based ETFs and exchange-traded notes in particular) are a relatively recent development, the trading and regulatory environment for such instruments is rapidly evolving and an investment in ETFs may be subject to additional risks not described herein.

Non-U.S. Securities

Investing in securities of non-U.S. companies and governments which are generally denominated in currencies other than the U.S. dollar, and utilization of currency forward contracts and options on foreign currencies involve certain considerations comprising both risks and opportunities not typically associated with investing in securities of U.S. issuers. These considerations include changes in exchange rates between currencies and costs associated with currency conversion (as more fully described below), less liquid markets than are generally the case in the United States, higher transaction costs, hedging considerations, potential difficulty enforcing contractual obligations and repatriating funds, expropriation, adverse diplomatic developments, changes in exchange control regulations, certain government policies that may restrict the Partnership's investment opportunities and greater price volatility. In addition, the Master Fund's investment in non-U.S. countries may be subject to withholding or other taxes, which may be significant and may reduce the Master Fund's returns.

Political, economic or social instability, the imposition of trading controls, import duties or other protectionist measures, various laws enacted for the protection of creditors and greater risks of nationalization could materially adversely affect the Master Fund's investments in certain countries. Furthermore, individual economies may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross national product, rate of inflation, capital reinvestment, resource self-sufficiency, and balance of payments position.

Because non-U.S. entities are not subject to uniform accounting, auditing, and financial reporting standards, practices and requirements comparable with those applicable to U.S. companies, there may be different types of, and lower quality, information available about a non-U.S. company than a U.S. company. As a result, the Master Fund may be unable to structure its investments to achieve the intended results or to mitigate all risks associated with such markets. There also may be less regulation than there is in the United States, generally, of the securities markets in non-

U.S. countries, and such markets may not provide the same protections available in the United States.

There generally may be less government supervision and regulation of non-U.S. exchanges, brokers and issuers, clearinghouses and clearing firms than in the United States. The Master Fund is subject to the risk of the failure of the exchanges on which its positions trade or of its clearinghouses or clearing firms, and there may be a higher risk of financial irregularities and/or lack of appropriate risk monitoring and controls.

Certain non-U.S. exchanges are “principals’ markets” in which performance is solely the responsibility of the individual member with whom the Master Fund has entered into a commodity contract and not that of an exchange or its clearinghouse, if any. The Master Fund will be subject to the risk of the inability of, or refusal by, the counterparty to perform with respect to such contracts.

Currency Risk With Respect to Investments in Non-U.S. Issuers and Instruments

The Master Fund may invest in the securities of non-U.S. issuers and other instruments denominated in non-U.S. currencies, the prices of which are determined with reference to currencies other than the U.S. dollar. The Master Fund, however, values its securities and other assets in U.S. dollars. Investments that are denominated in a non-U.S. currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that could affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. The Master Fund may seek to hedge its non-U.S. currency exposure by, among other things, shorting stocks denominated in the particular currency, or investing in currencies, forward currency exchange contracts, or any combination thereof, but there is no assurance that such strategies will be implemented, and if implemented, will be effective. The Master Fund may also enter into unhedged transactions as part of the investment program of the Master Fund. Consequently, such investments may increase the risk to investors of losing all or a substantial portion of their investment.

To the extent unhedged, the value of the Master Fund’s positions in non-U.S. investments will fluctuate with U.S. dollar exchange rates as well as the price changes of the investments in the various local markets and currencies. In such cases, an increase in the value of the U.S. dollar compared to the other currencies in which the Master Fund makes its investments will reduce the effect of any increases and magnify the effect of any decreases in the prices of the Master Fund’s securities in their local markets and may result in a loss to the Master Fund. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on the Master Fund’s non-U.S. dollar investments. Furthermore, the Master Fund may incur costs in connection with conversions between various currencies. The Master Fund generally conducts its currency exchange transactions either on a spot (i.e., cash) basis at the spot rate prevailing in the currency exchange market, or through entering into forward, futures or commodity options contracts to purchase or sell non-U.S. currencies. (See “– Non-U.S. Securities.”)

Potential Conflicts of Interest

As noted above, Black Capital serves as the Investment Manager of the Partnership, the Offshore Fund and the Master Fund, and Black Capital and its affiliates may serve as investment manager or subadvisor to other client accounts (“Client Accounts”) that may have investment objectives or may implement strategies substantially similar to those of the Master Fund.

Other Funds and Accounts Managed by Black Capital

Other funds and accounts managed by Black Capital may have investment objectives that are similar to that of the Master Fund and may hold similar positions to those held by the Master Fund. The investment performance of the Master Fund and any such funds or accounts may vary significantly as a result of different investments and/or different investment allocations made due to the specific investment guidelines and constraints of the entities, the structure of certain investment transactions, legal requirements or tax considerations, and due to other factors.

Black Capital (and its members, principals, employees, officers or affiliates) may each have investments in certain of the Client Accounts which exceed its investment in the Master Fund. Although Black Capital will seek to treat each of the Client Accounts (including the Master Fund) equitably, other Client Accounts might have different investment objectives or strategies and, as described below, may be allocated different trades from those of the Master Fund. Thus, from time to time, other Client Accounts, including those that have investments by Black Capital (and/or its members, principals, employees, officers or affiliates) may outperform the Master Fund.

Allocation of Investment Opportunities and Orders

Certain investment opportunities will be appropriate for two or more Client Accounts. Generally, Black Capital is responsible for the allocation of investment opportunities and orders among Client Accounts and seeks to treat all Client Accounts equitably. Transactions entered into by certain Client Accounts may not be the same as the transactions entered into by other Client Accounts, including the Master Fund even if the Master Fund is eligible to participate. For example, Black Capital may initiate an investment for the Master Fund at the same time that Black Capital is disposing of an investment on behalf of a Client Account. The sale by such other Client Account may result in impairment of the price of the security that the Master Fund holds. In addition, transactions may be executed independently of each other, and at prices or rates that may be more or less favorable to the Master Fund than other Client Accounts.

When a trade is appropriate for several Client Accounts and consistent with their respective strategies, such trades may be allocated pro rata or in some other manner which Black Capital determines is fair and equitable under the circumstances to all Client Accounts. Black Capital may determine that a trade will not be allocated pro rata for reasons that include, but are not limited to: (i) the transaction costs outweigh the benefit to a particular Client Account; (ii) the Client Account investment guidelines do not permit the trade and/or the Client Accounts have different strategies, investment objectives, guideline restrictions or risk profiles; (iii) legal or regulatory reasons do not permit the Client Account to participate in the trade; (iv) a particular Client Account has more available capacity than other Client Accounts (e.g., due to new capital

contributions to the Client Account); (v) the Client Accounts have differing exposure that may make additional exposure more or less appropriate; (vi) the transaction involves illiquid securities; or (vii) the allocation is so small or the securities are of such limited availability that the trade cannot easily be broken up pro rata among Client Accounts. Where less than the maximum desired amount of a particular security to be purchased is available at a favorable price, the securities purchased will be allocated among the Master Fund and the other Client Accounts in an equitable manner as determined by Black Capital. Black Capital cannot assure and assumes no responsibility for equality of treatment relating to order or trade allocations among Client Accounts, including the Master Fund.

Orders are generally entered and executed on behalf of Client Accounts on a first come first served basis. Orders may or may not be routed through Black Capital's trading desk. In certain situations, Black Capital may bunch orders for different Client Accounts, thus creating a larger order than if each portfolio manager's orders were executed separately. The price of the bunched order may be higher or lower than the price which could have been obtained had there been no bunching. In other situations, when it is not possible to receive the same price or execution on the entire volume of securities purchased or sold, the various execution prices actually achieved during the course of a day may be averaged and, in those cases, each participating Client Account will be charged or credited with the average price. In such situations, the average price may be higher or lower than the price which could have been obtained had there been no aggregation. When average pricing does not occur, the Client Accounts may experience different execution prices.

As a result of the foregoing, Black Capital (and its members, principals, employees, officers or affiliates) may have conflicts of interest in allocating its time and activity between the Master Fund and other Client Accounts, in allocating investments among the Master Fund and other Client Accounts and in effecting transactions between the Master Fund and other Client Accounts, including those in which Black Capital (and/or its members, principals, employees, officers or affiliates) may have a greater financial interest.

Although Black Capital will attempt to allocate investment opportunities in a manner which is in the best interests of all the Client Accounts involved, there can be no assurance that an investment opportunity which comes to the attention of Black Capital will not be allocated to Client Account(s) other than the Master Fund, with the Master Fund being unable to participate in such investment opportunity or participating only on a limited basis. In addition, there may be circumstances under which Black Capital will consider participation by other Client Accounts in investment opportunities in which Black Capital does not intend to invest, or intends to invest only on a limited basis, on behalf of the Master Fund.

Side Letters

The General Partner and/or Black Capital may, subject to applicable laws and without notice to other Limited Partners, enter into agreements that alter or supplement a Limited Partner's economic, legal or other rights and obligations with respect to such Limited Partner's investment in the Master Fund (commonly referred to as "side letters"), including, but not limited to, waiving, amending or modifying the Management Fee or Incentive Allocation to which the Master Fund Shares that correspond to the Limited Partner's Interest is subject, imposing

different fees or performance-based allocations or compensation on the Master Fund Shares that correspond to the Limited Partner's Interest (including by means of a rebate), waiving any indemnification payments from the Limited Partner, or reimbursing the Limited Partner for any indemnification payments owed by the Limited Partner in connection with its ownership of an Interest. As a result, the terms and conditions of the Limited Partners' investments in the Master Fund may differ.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Master Fund. Prospective investors should read the entire Memorandum and consult with their own advisors before deciding to subscribe for Interests. In addition, as the Master Fund's investment program develops and changes over time, an investment in the Master Fund may be subject to additional and different risk factors.

It is critical that Investors to the relevant confidential private offering memorandum and other governing documents for a complete understanding of the material risks involved in relation to the types of securities that Black Capital invests in on behalf of its Advisory Clients. The information contained herein is a summary only and is qualified in its entirety by such documents.

C. Risks Involved if you recommend primarily a type of security

Please see the response to Item 8.B. above.

Item 9. Disciplinary Information

Not applicable. There are no legal or disciplinary events involving Black Capital or Black Capital's partners, officers, or principals that would be material to any client's or prospective client's evaluation of Black Capital's advisory business or the integrity of Black Capital's management.

Item 10. Other Financial Industry Activities and Affiliations

A. Broker-Dealer

Not applicable. Neither Black Capital 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. Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Advisor, or an Associated Person of the Foregoing

Not applicable. Neither Black Capital 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 any of the foregoing entities.

C. Relationships with Related Persons in Various Categories

As stated above, Black Capital and its affiliates will manage other Client Accounts, which will include mutual funds ("Black Mutual Funds") and may include separately advised accounts ("Managed Accounts"). Black Mutual Funds and Managed Accounts may have investment strategies similar or parallel to the ones employed by the Master Fund but may have returns different from those of the Master Fund. Black Mutual Funds will be subject to certain restrictions applicable to investment companies registered under the 1940 Act, and the relationship with a Managed Account will be the result of an independently negotiated, private transaction between the sponsor of the Managed Account and Black Capital. As a result, the terms with respect to liquidity, fees or transparency of Black Mutual Funds and Managed Accounts may be materially different from the respective terms of the Master Fund. As a result, the owners of Black Mutual Funds and Managed Accounts might pay less in fees, receive greater transparency and be able to exit positions or liquidate their investments more quickly than would an investor of the Master Fund.

The terms of Black Mutual Funds and Managed Accounts with investment strategies similar to the ones employed by the Master Fund may alter the investment program as described in this Memorandum and implemented by the Master Fund, which could result in returns for such Managed Accounts that differ from those of the Master Fund. For example, Black Mutual Funds and Managed Accounts may be subject to certain position limits or other restrictions in respect of their portfolios which may require the Black Mutual Fund or Managed Account to sell down positions in certain circumstances. If positions held by a Black Mutual Fund or Managed Account were required to be liquidated quickly, similar holdings by the Master Fund could be negatively affected.

Black Capital serves as the investment manager to the Funds. An affiliate of Black Capital is the General Partner of the Domestic Feeder and the Special Shareholder of the Master Fund. Black Capital, its principals and employees also invest directly in the Funds. Investments in the Funds made by such parties generally are not subject to the Management Fees or Incentive Allocation compensation described in Item 5 above.

The General Partner, Black Capital and their affiliates may have conflicts of interest in allocating their time, services and functions among the Advisory Clients and other business ventures. In an effort to minimize potential conflicts of interest, Black Capital has adopted a Code of Ethics that requires Black Capital's Access Persons (which term includes all employees of Black Capital) to act in the best interests of the Advisory Clients and to place the interests of such Advisory Clients above their personal interests and those of Black Capital. For further information about the Code of Ethics, please see Item 11 below.

D. Selection of Other Advisors and Related Receipt of Compensation

Not applicable. Black Capital does not recommend or select other investment advisers for its clients and receive compensation for doing so.

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

A. Describe Code of Ethics

Black Capital has adopted a Code of Ethics (the “Code”) which is designed to meet the requirements of Rule 204A-1 of Advisers Act. The Code applies to Black Capital’s Access Persons (as defined therein) and sets forth a standard of business conduct that takes into account Black Capital’s status as a fiduciary and requires Access Persons to place the interests of the Black Capital’s advisory clients (the “Advisory Clients”) above their own interests. The Code requires Access Persons to comply with applicable federal securities laws. Further, Access Persons are required to promptly bring violations of the Code to the attention of Black Capital’s Chief Compliance Officer. All Access Persons are provided with a copy of the Code and are required to acknowledge receipt of the Code on at least an annual basis.

As required by Rule 204A-1 of the Advisers Act, Black Capital’s Access Persons must provide Black Capital’s Chief Compliance Officer with a list of their personal accounts and an initial holdings report upon becoming an Access Person. Black Capital also requires its Access Persons to report their securities transactions on a quarterly basis thereafter and disclose their securities holdings on an annual basis.

The Code of Ethics also includes insider trading policies and procedures that are designed to prevent the improper use of material, non-public information. Such insider trading policies and procedures prohibit Black Capital and its personnel from trading for Advisory Clients or themselves, or recommend trading, in securities of a company while in possession of material, non-public information about the company, and from disclosing such information to any person not entitled to receive it.

Black Capital will provide a copy of the Code to any client, Investor or qualified prospective client or Investor upon request. To obtain a copy of the Code, please contact Derek Webb by telephone at 212-474-6800 or via email at derek.webb@blackcapital.com.

B. Recommend securities to clients in which you have a material interest

As explained in Item 10.C above, Black Capital serves as the investment manager to the Funds and an affiliate is the General Partner of the Funds. Black Capital and the General Partner have financial ownership interests in the Funds and receive a Management Fee and, in some cases, performance-based compensation for their services. Black Capital and its principals, employees, and affiliates, and their respective family members, may invest directly in the Funds, which investments generally are not subject to Management Fees or performance-based compensation. The fact that Black Capital, its employees, the General Partner, or their respective affiliates have a financial ownership interest in the Funds creates a potential conflict in that it could cause Black Capital to make different investment decisions than if such parties did not have such a financial ownership interest. Performance-based compensation may create an incentive for Black Capital to make investment decisions that may differ from decisions that may be made in the absence of such performance-based compensation, including decisions that are riskier or less risky than would be made in the absence of such performance-based compensation. Black Capital manages

this potential conflict through regular monitoring of the Advisory Client portfolios to ensure consistency with Advisory Client objectives and disclosures, as more fully set forth in Item 13.A, below.

Black Capital addresses these potential conflicts through regular monitoring of the Advisory Client portfolios for consistency with Advisory Client objectives, strategies, and target capacity. Black Capital also subjects its principals and employees who invest in the Funds to the same liquidity as other Investors. Further, Black Capital carefully considers the risks involved in any investments and Black Capital provides extensive disclosure to clients regarding the potential risks that come with an investment with Black Capital. The Code of Ethics requires Access Persons to place the interests of Advisory Clients and Investors over their own or those of Black Capital, and all Access Persons are required to acknowledge their receipt and understanding of the Code of Ethics.

C. Invest in same securities as you recommend to clients

Access Persons of Black Capital generally are prohibited under the Code of Ethics from buying, selling or otherwise investing in securities that Black Capital also recommends to Advisory Clients. Black Capital personnel are required to certify their compliance with the Code.

D. Recommend securities to clients at same time as buy/sell for your own account

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

Item 12. Brokerage Practices

A. Factors in Selecting Brokers and Soft Dollars

1. Research and Soft Dollars

Black Capital is authorized to determine the broker/dealer to be used for each securities transaction for the Master Fund. Black Capital is subject to its fiduciary duties as investment advisor to the Master Fund, including its duty to seek best execution, in selecting broker/dealers to execute securities transactions on behalf of the Master Fund. When doing so, Black Capital need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. In negotiating commission rates with broker/dealers, Black Capital will take into account such factors as the financial stability and reputation of the broker/dealer, its ability to commit capital, brokerage execution quality, and the value of research and other brokerage services provided by such broker/dealer. In selecting broker/dealers to execute securities transactions for the Master Fund, Black Capital may or may not negotiate “execution only” commission rates. When Black Capital negotiates with a particular broker/dealer a commission rate that results in the Master Fund paying more than an “execution only” rate, the excess commission paid by the Master Fund may be used by Black Capital to obtain research and/or brokerage services. Such arrangements in which client commissions are used by a money manager to pay for research or brokerage services are commonly referred to as “soft dollar” arrangements. Soft dollar arrangements benefit Black Capital since Black Capital does not have to produce or pay for the research, products or services itself. Black Capital may have an incentive to select or recommend a broker/dealer based on its interest in receiving the research or other products or services, rather than on its clients’ interest in receiving most favorable execution. It is currently the policy of Black Capital that soft dollars, if any, will only be used to obtain products and services that Black Capital determines in its sole discretion are eligible “research” or “brokerage” services that fall within the safe harbor provided in Section 28(e) of the Securities Exchange Act of 1934, as the safe harbor is interpreted by the SEC from time to time.

From time to time, brokers (including, but not limited to, those named below and local brokers in non-U.S. jurisdictions) may assist the Master Fund and other investment funds managed by Black Capital in raising additional funds from investors. Through such “capital introduction” activities, prospective investors would have the opportunity to meet with Black Capital. Currently, neither the General Partner nor Black Capital compensates any broker for organizing such “capital introduction” activities. However, to the extent such activities and other services are provided by brokers in the future, such activities and services might influence the General Partner or Black Capital in deciding which broker to use in connection with brokerage, financing and other activities of the Master Fund.

In carrying out its obligations under the Management Agreement, Black Capital has adopted procedures to attempt to prevent and correct trade errors. However, any cost or losses resulting from trade errors will generally be borne by the Master Fund unless such errors are due to actions of Black Capital for which it would not be entitled to indemnification.

From time to time, the Master Fund may execute over-the-counter trades on an agency basis rather than on a principal basis. In these situations, the broker used by the Master Fund may acquire or dispose of a security through a market-maker (a practice known as “interpositioning”). The transaction may thus be subject to both a commission and a markup or markdown. Black Capital will engage in interpositioning only when it believes that the use of a broker in such instance is consistent with its duty to obtain best execution for the Master Fund. The use of a broker can provide anonymity in connection with a transaction. In addition, a broker may, in certain cases, have greater expertise or greater capability in connection with both accessing the market and executing a transaction.

2. Brokerage for Client Referrals

Currently, neither the General Partner nor Black Capital compensates any broker for organizing such “capital introduction” activities. In addition, Black Capital has not engaged any placement agents to assist the Master Fund in raising additional funds from investors.

3. Directed Brokerage

Not applicable. Black Capital does not have directed brokerage arrangements.

B. Aggregation of Orders

Orders are generally entered and executed on behalf of Advisory Clients on a first come first served basis. Orders may or may not be routed through Black Capital’s trading desk. In certain situations, Black Capital may bunch orders for different Advisory Clients, thus creating a larger order than if each order were executed separately. The price of the bunched order may be higher or lower than the price which could have been obtained had there been no bunching. In other situations, when it is not possible to receive the same price or execution on the entire volume of securities purchased or sold, the various execution prices actually achieved during the course of a day may be averaged and, in those cases, each participating Advisory Client will be charged or credited with the average price. In such situations, the average price may be higher or lower than the price which could have been obtained had there been no aggregation. When average pricing does not occur, the Advisory Clients may experience different execution prices.

Item 13. Review of Accounts

A. Frequency and Nature of Review

The client portfolios are under continuous review:

- Daily Investment Committee meeting and trading summary
- Weekly Investment Committee meeting to review and discuss portfolio and approve new positions
- Real time monitoring of aggregate portfolio characteristics and individual security risk/reward dynamics through risk management tools
- Manage and monitor portfolio risk on a daily basis
- Fully integrated risk management policies and procedures

B. Factors Triggering a Review

Please see the response to Item 13.A. above.

C. Reports to Clients

Investors in the Domestic Feeder will receive annual audited financial statements within a reasonable time after the Domestic Feeder's fiscal year end. Each Investor in the Domestic Feeder will also receive monthly statements detailing the balance of their respective capital accounts.

Item 14. Client Referrals and Other Compensation

A. Person not a client provides economic benefit

Not applicable. Black Capital does not receive any economic benefits from non-clients in exchange for Black Capital providing investment advice or other advisory services to Black Capital's own clients.

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.

Note: If you compensate any person for client referrals, you should consider whether SEC rule 206(4)-3 or similar state rules regarding solicitation arrangements and/or state rules requiring registration of investment adviser representatives apply.

B. Client Referrals

Not applicable. Neither Black Capital nor any of its related persons directly or indirectly compensates any person who is not a supervised person of Black Capital for client referrals.

Item 15. Custody

Black Capital and the General Partner are deemed to have custody of the assets of the Funds by virtue of their status as investment manager and general partner, respectively. Neither Black Capital nor its affiliates take physical custody of any client assets. Black Capital maintains the assets of the Funds in accounts with a qualified custodian pursuant to Rule 206(4)-2 under the Advisers Act. Black Capital has established prime brokerage and custodial arrangements for the Funds with Morgan Stanley & Co. Incorporated, a U.S. Registered broker-dealer, 1585 Broadway, New York, New York 10036.

To ensure compliance with Rule 206(4)-2 under the Advisers Act, Black Capital reasonably believes that all Investors in the Funds will be provided with audited financial statements for the Funds, prepared by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles, within 120 days of the end of the Funds' respective fiscal years (i.e., generally by April 30). Investors should carefully review the audited financial statements of the Funds.

Item 16. Investment Discretion

Black Capital has full discretionary authority to manage the assets of the Funds and to make purchase and sale decisions for the Funds pursuant to a written investment management agreement with the Funds. Each Fund's investment strategy is set forth in detail in such Fund's offering memorandum. Investors do not have the ability to impose limitations on Black Capital's discretionary authority. Prospective investors are provided with a confidential offering memorandum prior to their investment and are encouraged to carefully review the offering memorandum, along with all other relevant offering materials, and to be sure that the proposed investment is consistent with their investment goals and tolerance for risk. Prospective investors should also consult with their legal, tax, or other advisors prior to making any investment. Prospective investors must also execute a subscription agreement, in which they make various representations, including representations regarding their suitability to invest in a high risk investment pool.

Item 17. Voting Client Securities

Black Capital has the authority to vote proxies on behalf of the Funds. Investors do not have the ability to direct a particular solicitation.

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Advisers Act, Black Capital has adopted Proxy Voting Policies and Procedures ("Procedures") that are designed to ensure that when it votes proxies for client securities, Black Capital votes in the best interests of its clients. The Procedures require that Black Capital identify and address conflicts of interest between Black Capital and its clients. If a material conflict of interest exists, Black Capital will determine whether voting in accordance with the guidelines set forth in the Procedures is in the best interests of its clients or whether taking some other action may be more appropriate.

Black Capital generally votes in favor of routine corporate housekeeping proposals, such as electing directors and selection of auditors. For all other proposals, Black Capital will determine whether a proposal is in the best interests of its clients and may take into account the following factors, among others: (i) whether the proposal was recommended by management and Black Capital's opinion of management; (ii) whether the proposal acts to entrench existing management; and (iii) whether the proposal fairly compensates management for past and future performance.

Clients may obtain a copy of the Black Capital's Procedures and information about how Black Capital voted a client's proxies by contacting Derek Webb by telephone at 212-474-6800 or via email at derek.webb@blackcapital.com.

Item 18. Financial Information

Not applicable. Black Capital does not require prepayment of fees 6 months or more in advance nor has Black Capital been the subject of a bankruptcy petition at any time during the past 10 years. Further, Black Capital is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients.