

Item 1: Cover Page

**FORM ADV PART 2A
FIRM BROCHURE**

Monterey Management Group LP

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This brochure provides information about the qualifications and business practices of Monterey Management Group LP (“**Monterey**”). If you have any questions about the contents of this brochure, please contact us at (415) 399-5330 or chiefcomplianceofficer@meritagegroup.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.

Monterey is an investment adviser registered with the SEC. Registration with the SEC does not imply a certain level of skill or training.

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

Item 2: Summary of Material Changes

None.

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Item 4: Advisory Business**Our Firm**

Monterey Management Group LP (“**Monterey**”) is a Delaware limited partnership that was formed in November 2009. Monterey’s general partner is MWG GP LLC, which is controlled by Nathaniel Simons, David Zierk and Alexander Magaro. Alexander Magaro and the 1998 Simons Family Revocable Trust are also principal owners of Monterey. As of January 31, 2012, Monterey had approximately US \$346 million of assets under management, managed on a discretionary basis. Monterey does not manage assets on a non-discretionary basis.

Advisory Services

Monterey provides discretionary investment management services to a private investment fund, Monterey Investors LLC, for which Monterey serves as investment manager (the “**Private Investment Fund**” or the “**Client**”). The Private Investment Fund is exempt from registration under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”).

The Private Investment Fund is a fund-of-funds that Monterey manages pursuant to its investment objectives and restrictions. Monterey allocates the Private Investment Fund’s assets among a portfolio of investment pools managed by external investment managers (the “**External Managers**”) using a variety of trading styles. Monterey has discretion to invest in other investment instruments and employ other strategies in pursuing the objectives of the Private Investment Fund. Please see Item 8 for a more detailed description of the strategies pursued by the Private Investment Fund.

Ability to Tailor Services and Impose Restrictions

Monterey provides investment management services directly to the Private Investment Fund as a pooled investment vehicle based on the specific investment objectives and strategies of the Private Investment Fund itself and not individually to investors in the Private Investment Fund (the “**Investors**”). Therefore, Monterey does not tailor its advisory services to the individual needs of any of the Investors. The Investors generally may not impose restrictions on investing in certain securities or types of securities.

Item 5: Fees and Compensation**Fee Schedule**

Monterey (or an affiliate) generally receives (i) an annual asset-based management fee, which is typically payable quarterly in advance and is charged to an Investor's capital account and (ii) performance-based compensation, as described in more detail in Item 6 below.

The Client pays Monterey a management fee quarterly in advance. The management fee is 1% per annum of the net asset value of each Investor's interest on January 1 and July 1 of each year. Certain Investors, including but not limited to supervised persons of Monterey, may be eligible for fee structures that differ from, and are more beneficial than, the standard fee structure, depending on, among other factors, the relationship between Monterey and the Investor. Management fees are generally not refunded to Investors if withdrawals are made prior to the end of a calendar quarter.

As described in Item 6 below, Investors bear semi-annual performance-based allocations of a percentage of the realized and unrealized net capital appreciation with respect to the Investors' interests.

Other Fees and Expenses

The Private Investment Fund bears, both directly or indirectly (i) all costs and expenses associated with the offering of interests in the Private Investment Fund; (ii) all transaction costs and investment-related expenses incurred in connection with the Private Investment Fund's investment and trading activities, including brokerage and other execution costs, clearing, and custodial expenses, research expenses, due diligence expenses, as well as the costs of any independent accountants, legal counsel or other experts or consultants engaged by Monterey in connection with specific transactions; (iii) any other fees, expenses and costs payable to External Managers arising out of investments by the Private Investment Fund with External Managers, as well as the Private Investment Fund's proportionate share of the fees, expenses and costs associated with the formation and operation of the Private Investment Fund and any other investment vehicle formed by Monterey to facilitate investments by the Private Investment Fund; (iv) any interest, fees and costs of borrowings by or related to the Private Investment Fund; (v) routine operational costs such as legal, accounting, bookkeeping, auditing, consulting and other professional expenses, administration and tax preparation expenses, all taxes (if any) and fees payable to governments or agencies as well as interest costs, if any, related to payments to Investors; (vi) third-party and out-of-pocket research and market data expenses, as well as quotation services such as Bloomberg and other news quotation services, if any; and (vii) extraordinary expenses (e.g., litigation costs and indemnification obligations), if any.

Please see Item 12 below for further information about Monterey's brokerage practices.

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

Monterey (or an affiliate) is entitled to a semi-annual performance-based allocation from the Private Investment Fund, generally 10% of the realized and unrealized net capital appreciation with respect to each Investor's interest for the immediately preceding half year. A performance-based allocation will also be calculated with respect to any Investor that withdraws, in whole or in part, as of any date other than June 30 or December 31. The performance-based allocation is subject to loss recovery provisions, sometimes referred to as a "high-water mark," whereby the performance-based allocation may be reduced until prior losses are recouped or may be payable only after recoupment of prior losses. Any such performance-based allocations will be made in accordance with Rule 205-3 under the Investment Advisers Act of 1940, as amended (the "**Advisers Act**"). Certain Investors, including but not limited to supervised persons of Monterey or its affiliates, may be eligible for performance-based allocation structures that differ from, and are more beneficial than the standard performance-based allocation structure, depending on, among other factors, the relationship between Monterey or its affiliate and the Investor.

Performance-based allocation arrangements may create an incentive for Monterey to recommend investments which may be riskier or more speculative than those which would be recommended under a different arrangement. Further, Monterey and its affiliates and their principals may have significant investments in the Private Investment Fund and in other investment vehicles managed by such persons (collectively, the "**Affiliated Investment Vehicles**"). As a result, Monterey and its affiliates may have an incentive to favor Affiliated Investment Vehicles in which Monterey or its affiliates have a more significant proprietary interest, including in the allocation of investments, time and attention.

Monterey has designed and implemented procedures to ensure that where investment opportunities are allocated among the Private Investment Fund and the Affiliated Investment Vehicles, investment opportunities are allocated fairly and equitably. However, the Private Investment Fund and the Affiliated Investment Vehicles have different investment programs. With respect to their fund-of-funds investments, the Affiliated Investment Vehicles are expected to be substantially more diversified than the Private Investment Fund. In addition, the Private Investment Fund and the Affiliated Investment Vehicles will invest in many of the same investment funds managed by the same External Managers. In the event that the Affiliated Investment Vehicles and the Private Investment Fund each seek an investment with the same fund managed by an External Manager with limited capacity, the Affiliated Investment Vehicles will be given priority over the Private Investment Fund with respect to that investment.

Item 7: Types of Clients

Monterey provides advice to the Private Investment Fund and not individually to the Investors. The Private Investment Fund is exempt from registration under the Investment Company Act.

There is no minimum account size for the Private Investment Fund. With respect to the Investors, the stated minimum initial investment amount is US \$1million. Monterey may make exceptions to such minimum, as determined in its discretion.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**Methods of Analysis & Investment Strategy**

Monterey utilizes a fund-of-funds strategy on behalf of the Private Investment Fund. Monterey allocates the Private Investment Fund's assets among a diversified portfolio of investment pools managed by External Managers using a variety of investment and trading styles, some of which are more traditional investment strategies emphasizing investments in stocks and bonds, but many of which are less traditional investment strategies such as short sales, hedging (including the use of derivatives), option trading, and leverage (including margin trading and investing in derivatives). Many of these strategies may involve greater degrees of risk than more traditional strategies. External Managers may also be engaged to trade a portion of the Private Investment Fund's assets through managed accounts.

The investment instruments utilized by External Managers to which the assets of the Private Investment Fund are allocated may include, but are not limited to, the following: U.S. and non-U.S. stocks, bonds, notes, loans, options, warrants, convertible securities, repurchase and reverse repurchase agreements, futures, currencies, forward contracts, physical commodities, American Depositary Receipts and similar instruments, swaps, options, mortgage-related and other asset-backed securities, real estate investment trusts, insurance and reinsurance contracts, other derivatives and cash or cash equivalents (such as treasury notes and bills, certificates of deposit, commercial paper, broker balances, bankers acceptances, or non-U.S. mutual funds that invest in these types of instruments). Some of the instruments utilized by the External Managers may not be traded in public markets. In addition, the External Managers may participate in real estate, private equity and venture capital transactions, although these activities are not currently intended to be a primary focus of the Private Investment Fund's activities. Finally, the Private Investment Fund may invest in another fund-of-funds.

In selecting External Managers, Monterey has the sole and absolute discretion to allocate the Private Investment Fund's assets among External Managers. In making such allocation decisions, Monterey may consider a number of factors, including correlation of an External Manager's strategy with the overall portfolio of the Private Investment Fund, diversification, due diligence matters, the External Manager's experience and reputation, fees charged, liquidity, risk versus return and track record. It should be noted that these factors are general in nature and it should not be assumed that each External Manager will necessarily meet any particular criteria.

Monterey also utilizes equity securities (such as exchange-traded funds), derivatives (including futures, forward contracts and swaps) and other instruments in an effort to hedge out "market risk" or "beta" from the Private Investment Fund's portfolio. The Private Investment Fund's investments will not, under any circumstances, be disclosed to any Investor unless ordered by a court of law or regulatory agency. The Private Investment Fund will not knowingly make any investment which will require it in the ordinary course of business to disclose its investments to any governmental agency (e.g., under Sections 13 or 14 of the Securities and Exchange Act of 1934, as amended) or which will require disclosure in its year-end audited financial statements.

Monterey is not limited in the investment strategies it may use for hedging purposes and may use any investment strategy or strategies that it considers appropriate under the circumstances. Other than the regulatory disclosure thresholds set forth above, there are no limitations or restrictions on the particular assets that the Private Investment Fund may acquire or employ or the magnitude of any investment by the Private Investment Fund, or on the trading and investment strategies and techniques that Monterey may utilize on behalf of the Private Investment Fund.

Risk of Loss

Investing in securities involves risks of loss that Investors should be prepared to bear.

Material risks of investing with External Managers include, but are not limited, the following:

- Selection of External Managers. All External Managers are selected by Monterey. The Investors have no opportunity to select or evaluate External Managers' investments or strategies. The likelihood that Investors will realize income or gain will depend in part on the skill and expertise of Monterey in selecting External Managers and the skill of such External Managers. Past performance of an External Manager is not indicative of such manager's future results.
- Fees. The External Managers charge fees for their services to the Private Investment Fund or to the funds in which the Private Investment Fund invests. Such fees may be payable irrespective of profitability and may be substantial even during fiscal periods where such funds have suffered losses. The Private Investment Fund may be required to pay performance-based fees to External Managers at times when the Private Investment Fund as a whole has not realized a profit. The Investors may lose money if the profits made by the External Managers are not enough to cover their fees. Monterey may be able to negotiate lower fees for the Private Investment Fund in some cases, but is under no obligation to do so. Performance fees payable to the External Managers may create incentives for External Managers to make investments that are riskier than would otherwise be the case. The Private Investment Fund also will pay a management fee to Monterey, which will be paid irrespective of the Private Investment Fund's profitability.
- No Control/Limited or No Transparency. Monterey exercises little or no control over the External Managers in which the Private Investment Fund invests. Although Monterey attempts to monitor the performance of each External Manager, the Private Investment Fund must ultimately rely on each External Manager to operate in accordance with the investment strategy or the guidelines laid out by the External Manager and the accuracy of the information provided to the Private Investment Fund by the External Manager. If an External Manager does not operate in accordance with the investment strategy or guidelines, or if the information furnished to the Private Investment Fund is not accurate, the Private Investment Fund might sustain losses with respect to its investment with the External Manager despite Monterey's attempt to monitor the investment. Monterey will generally not have access to the portfolio positions of External Managers. In addition, Monterey generally does not have any control over the institutions selected by the External Managers for brokerage, clearing, and custody services with respect to the Private Investment Fund's assets. Bankruptcy or fraud at one of these institutions could impair the operational capabilities or the capital position of the Private Investment Fund.
- Substantial Positions. The Private Investment Fund may from time to time acquire substantial positions with particular External Managers. The External Managers may have restrictions in their governing documents that limit the Private Investment Fund's ability in whole or in part to withdraw capital from, or invest additional capital with, the External Managers, other than at specified times or in specified amounts. In addition, the External Managers may invest in instruments with limited liquidity. Such restrictions may limit Monterey's flexibility to reallocate the Private Investment Fund's assets among the External Managers, or to pay a redemption request by an investor in a Private Investment Fund. Among the actions External Managers may take if they determine it necessary to restrict redemptions are the following: suspension of redemption rights, suspension of the calculation of the External Managers' net asset value, suspension or delay in making redemption payments, creation of "side pockets" for illiquid investments, and/or the imposition of redemption "gates" (which limit the amount of total

redemptions on each redemption date to a specified percentage or dollar amount of an External Managers' net assets). There is no uniformity in the External Managers' ability to take these extraordinary actions or their inclination to do so, whether in whole or in part. During periods of substantial financial markets instability (such as existed during the latter part of 2008 and the first half of 2009) the likelihood of some or all of these measures being taken by one or more of the External Managers increases.

- No Coordination. The External Managers do not coordinate their investment strategies with each other or with Monterey, and at times may take positions on behalf of the Private Investment Fund which are the same as, or opposite from, positions taken by other External Managers or by Monterey. As a result, Investors may bear two sets of transaction fees while bearing little or no exposure to a certain position, or may end up with disproportionate exposure to a single position.
- Legal Proceedings. The Private Investment Fund or underlying funds managed by External Managers may be subject to lawsuits or proceedings by government entities or private parties as a result of such investments. Expenses or liabilities of the Private Investment Fund or the underlying funds arising from any such suit would be borne by the Private Investment Fund.
- Small Operations. Some of the External Managers to whom the Private Investment Fund allocates capital may consist of only one or a few principals. If those individuals for any reason ceased to provide services to the External Manager, the Private Investment Fund might sustain substantial losses.
- Investments in New External Managers. Certain of the External Managers in which the Private Investment Fund may invest may have little or no operating history. The prior performance of the principal(s) of any External Manager in any similar venture is not a guarantee of future results. There is no assurance that any External Manager will achieve its investment objective or that any External Manager will create a profitable investment management business.
- Changes of Allocation. Monterey expects from time to time to change the percentage of assets of each Private Investment Fund allocated to specific strategies, or to a particular External Manager. These changes are made in Monterey's sole discretion and may be made for any reason whatsoever. No assurance can be given that an allocation change will result in increased profits for the Private Investment Fund.
- Valuation. Monterey relies on the valuations provided by External Managers in calculating the net asset value of the Private Investment Fund and in preparing the Private Investment Fund's financial statements. There is no assurance that such valuations will be correct or that such information will be received in a timely manner.

To the extent External Managers utilize particular investment strategies, the risks of such strategies will also apply to the Private Investment Fund's investments with External Managers. Such risks include, but are not limited to, those set forth below. Certain of these risks may also apply to the Private Investment Fund's direct investing activities for hedging purposes.

- Equity Securities. The External Managers invest in equity securities. Prices of equity securities may fluctuate in accordance with changes in the financial condition of their respective issuers and also in accordance with overall market and economic conditions. In addition, the External Managers may invest in equity securities issued by unseasoned companies and such investments may be highly speculative. The External Managers' investments in equity securities may not generate any income or appreciate in value and may lose value.

- Short Sales. A short sale will result in a gain if the price of the securities sold short declines between the date of the short sale and the date on which securities are purchased to replace those borrowed. A short sale will result in a loss if the price of securities sold short increases. Any gain from a short sale will be decreased, and any loss will be increased, by the amount of any payment, dividend or interest required to be paid with respect to the borrowed securities, offset (wholly or partly) or (in very low interest rate environments) exacerbated by short interest credits. In a generally rising market, short positions may be more likely to result in losses because the securities sold short may increase in value. A short sale involves a finite opportunity for appreciation, but a theoretically unlimited risk of loss. In addition, there can be no assurance that securities necessary to cover a short position will be available for purchase.
- Hedging. Hedging strategies in general are intended to limit or reduce investment risk, but can also be expected to limit or reduce the potential for profit. While the External Managers may (but are not required to) enter into hedging transactions to seek to reduce risk, there is no guaranty that such hedging transactions will do so and such transactions may result in poorer overall performance for an External Manager than if it had not engaged in any such hedging transaction.

Monterey is permitted to utilize equity securities, derivatives (including futures, forward contracts and swaps) and/or other instruments in order to hedge the Private Investment Fund's portfolio, as well as for achieving exposure to investment vehicles; provided that any securities purchased directly for any purpose will be subject to the regulatory disclosure thresholds described in the offering documents of the Private Investment Fund. If Monterey analyzes market conditions incorrectly, employs a strategy that is not effective, or other adverse conditions prevail, these hedging techniques could result in losses, regardless of the intent with which the position(s) were established. In addition, such hedging techniques may involve a minimal investment relative to the magnitude of the risk assumed or result in losses if the other party to the transaction does not perform as promised. Further, a specific hedge may not be available with respect to a particular investment and even if available, may not perfectly match the position which is sought to be hedged. Hedging techniques also may increase volatility.

- Margin/Leverage/Other Borrowing. Leverage may be acquired through traditional borrowing transactions, through the use of margin and through derivative transactions, such as options, futures, forward contracts and equity swaps, credit default swaps and other types of swaps, and repurchase agreements that have a similar effect. Such strategies can increase the profit potential of a securities portfolio, but concomitantly increase the risk of loss. Such strategies also can increase transaction costs, interest expense and other costs and expenses. Access to capital could be impaired by many factors, including market forces or regulatory changes. If the Private Investment Fund or an External Manager were unable to borrow capital, it may need to liquidate assets in order to meet its liabilities. The level of margin available will generally be limited only by the credit decisions of the relevant prime brokers. There can be no assurance, however, that such prime brokers will either continue existing arrangements or that such prime brokers and other lenders will approve extensions of credit at the levels requested. Any restriction on the availability of credit from such parties could adversely affect investment performance. There can be no assurance that an External Manager or the Private Investment Fund will be able to secure or maintain adequate financing, without which the External Manager or the Private Investment Fund may not continue to be viable. Margin trading requires the pledge of securities as collateral, and margin calls can result in an External Manager or the Private Investment Fund being required to pledge additional collateral or to liquidate securities at substantial losses that would not otherwise be realized. The failure to satisfy a margin call, or the occurrence of other material defaults under margin or other financing agreements, may trigger cross-defaults under an External Manager or

the Private Investment Fund's agreements with other brokers, lenders, clearing firms or other counterparties, multiplying the adverse impact.

- Derivatives. Derivatives may be used as a primary strategy or as a hedging technique for other strategies, and may expose the External Manager's and/or the Private Investment Fund's investments to risk of default by the counterparty, premature termination of the transaction, adverse changes in market conditions, and substantial costs for creating and maintaining the transaction. There may not be any liquid secondary market for such derivative transactions. Such derivative transactions may include, but are not limited to, futures, interest rate swaps, currency swaps, credit default swaps, other swap contracts, forward foreign exchange contracts, swaptions, options, caps, collars and floors. The External Managers will have complete flexibility to invest in any such securities and derivative instruments which may be developed and which may involve additional risks not described herein.

Certain derivatives instruments purchased by the External Managers and/or the Private Investment Fund may be privately negotiated and therefore may not be traded on an exchange. The risk of nonperformance by obligors on such instrument may be greater and the ease with which the External Manager and/or the Private Investment Fund can dispose of or enter into closing transactions with respect to such instruments may be less than in the case of exchange-traded instruments. Significant disparities may exist between "bid" and "ask" prices for such instruments. In addition, such instruments are not subject to the same type of government regulation as exchange-traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with such transactions. In these transactions, the External Managers and/or the Private Investment Fund must rely on the creditworthiness of its counterparty and counterparty or credit risk may be affected by the lack of a central clearinghouse.

- Futures and Commodities. Futures contracts are customarily bought and sold on margins which range upward from less than 5% of the purchase price of the contract being traded. Because of these low margins, price fluctuations in futures markets may create profits and losses which are greater than are possible in other forms of investment. The minimum amount of margin required for a particular futures contract is set from time to time by the exchange upon which such futures contract is traded and may be modified by the exchange at any time during the term of the contract. When the market value of a particular position changes to a point where the margin on deposit does not satisfy margin maintenance requirements, the holder of such futures contract will be subject to a margin call from its broker. If the margin call is not met within a reasonable time, usually less than 24 hours, the broker may close out the position.
- Fixed Income Investments. The value of the fixed income financial instruments, including but not limited to, bonds, notes, debentures, bills, trade claims, and other forms of indebtedness or liability issued or incurred by corporations, municipalities, sovereign nations, governmental agencies and instrumentalities, business entities or other persons, will generally change as interest rates fluctuate in the relevant financial markets, in addition to being affected by such factors as credit risk and financial condition relating to particular issuers. Generally, when interest rates decline, the value of any long fixed income portfolio can be expected to rise while that of any short fixed income portfolio can be expected to decline. Conversely, when interest rates rise, the value of a long fixed income portfolio can be expected to decline while that of a short fixed income portfolio can be expected to rise. Adverse interest rate developments, such as interest rate increases, instability, or even increased uncertainty, may be expected to adversely affect the debt markets and render more difficult the achievement of satisfactory returns in such markets.

- Credit Securities. Credit securities may be unrated and possess speculative characteristics. An economic recession may severely disrupt the market for credit securities and could adversely impact the value of these securities. The issuers of these securities may face uncertainties which may adversely affect the issuer's ability to make timely payments of interest and principal.
- Bank Loans and Participations. The External Managers may invest in bank loans which take the form of participations or assignments of bank loans. There are special risks associated with these obligations, including the possible invalidation of a transaction as a fraudulent conveyance under creditors' rights laws, lender-liability claims by the issuer of the obligations, environmental liabilities that may arise with respect to collateral securing the obligations, and limitations on the ability of the External Managers to directly enforce their rights with respect to participations.
- Mortgage-Backed, Asset-Backed Securities and Other Structured Credits. Investments by the External Managers in residential mortgage-backed securities ("MBS") involve the general risks typically associated with investing in traditional fixed income securities (including interest rate and credit risk) and certain additional risks and special considerations (including the risk of principal prepayment and the risk of indirect exposure to real estate markets).

In addition, the External Managers may also purchase bonds or notes backed by other obligations ("ABS"). There is no limit on the types of obligations that underlie ABS. Common examples of these are credit card receivables, auto loans, manufactured-housing contracts, home equity loans and legal settlements. ABSs are subject to a variety of risks, including the risk that a change in interest rates may influence the pace of pre-payments of the underlying loans which, in turn, affects yields. The risks of investing in MBS and ABS instruments generally reflect the risks of investing in the underlying assets, including the effect of local and other economic conditions on the underlying assets and the ability of obligors to make payments on the relevant obligations.

The External Managers may also invest in other structured products such as collateralized debt obligations ("CDO"), collateralized loan obligations ("CLO") and variable rate MBS and ABS, including adjustable-rate mortgage securities. Certain components of each such investment introduce additional risks for the External Managers, including risks related to the movements in specific indices or interest rates that may be difficult or impossible to hedge, and that also interact in a complex fashion with prepayment risks. Further, certain investments by the External Managers in MBS, ABS and other securities and structured products may be subordinate to one or more senior classes. Investments in subordinated securities involve greater credit risk of default than the senior classes of the issue or series.

- Credit Ratings. Credit ratings of debt securities are not a guarantee of quality. A credit rating represents only the applicable rating agency's opinion regarding credit quality based on the rating agency's evaluation of the safety of the principal and interest payments. In determining a credit rating, rating agencies do not evaluate the risks of fluctuations in market value. As a result, a credit rating may not fully reflect the risks inherent in the relevant security. Rating agencies may fail to make timely changes to credit ratings in response to subsequent events. In addition, to the extent that a rating agency rates a security at the request of an issuer, the rating agency has a conflict of interest in providing such rating.
- Municipal Securities. The External Managers may invest in different types of municipal securities, each of which has different kinds and varying degrees of risk. For example, certain types of municipal securities are not direct obligations of any government, and the payment of such obligations is generally dependent on the collection of anticipated revenues from a particular facility or special excise tax. In the event that special revenues backing such obligations are not

received, the External Managers will have no recourse against the issuer or any other party for repayment of such obligations. In the case of general obligations, there is the risk that an issuer of such obligations could become insolvent and default on the obligations. In such case, the External Managers would be creditors of the issuer and would likely not receive full payment of principal and interest on the obligations.

- Investments in Non-U.S. Financial Instruments. The External Managers invest in non-U.S. financial instruments. Investing in securities of non-U.S. companies, which are generally denominated in non-U.S. currencies, and utilizing options or derivatives based on non-U.S. indices, involve certain considerations comprising both risk and opportunity not typically associated with investing in U.S. companies. These considerations include a fluctuation in exchange rates of non-U.S. currencies; the possible imposition of an exchange control regulation or a currency blockage; less public information with respect to issuers of securities; less governmental supervision of stock exchanges, securities brokers and issuers of securities; possible securities clearance and settlement problems; lack of uniform accounting, auditing and financial reporting standards; the possible expropriation of assets or confiscatory taxation by a host government; the fact that many non-U.S. markets are not as liquid as those in the United States; and the possible imposition of additional taxes. In addition, the External Managers may invest in financial instruments of emerging market countries, which may expose the External Managers to significant risks not typically associated with investment in developed countries.
- Private Equity Investments. Private equity investments involve a high degree of business and financial risk that can result in substantial losses. Among these are the risks associated with investing in companies which may be in an early-stage of development or with little or no operating history, companies operating at a loss or with substantial variations in operating results from period to period, and companies with the need for substantial additional capital to support expansion or to achieve or maintain a competitive position. Such companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing, and service capabilities, and a larger number of qualified managerial and technical personnel. Companies in rapidly changing fields may face special risks of obsolescence of products or services and may encounter intense competition from other companies.
- Illiquid Securities. Securities in which the External Managers invest may be thinly traded and relatively illiquid or may cease to be traded after the External Managers invest. The External Managers may also acquire significant positions in particular financial instruments. In such cases, and in the event of extreme market activity, the External Managers may not be able promptly to liquidate investments if the need should arise. In addition, the External Manager's sale of thinly traded financial instruments could depress the market value of such instrument and thereby reduce the External Manager's profitability or increase its losses. Such circumstances or events could materially and adversely affect the amount of gain or loss the External Managers may realize.
- Restricted Securities. The External Managers may invest in restricted securities that are not traded in public markets. Restricted securities generally are difficult or impossible to sell at prices comparable to the market prices of similar securities that are publicly traded. No assurance can be given that any such restricted securities will be eligible to be traded on a public market even if a public market for securities of the same class were to develop.
- Designated Investments and Follow-up Investments. In the event that an Investor requests to redeem all or part of his or its interest prior to the disposition of a "**Designated Investment(s)**" in

which such interest participates, the redeeming Investor will (i) maintain his or its interest in such Designated Investment(s) until the occurrence of a recognition event, and/or (ii) receive an in-kind redemption payment of his or its pro rata portion of the Designated Investment(s), in whole or in part, as determined by the Private Investment Fund managers in their sole discretion. For so long as an Investor holds an interest in one or more Designated Investments, that Investor will continue to receive his or its allocable share of the gains, losses and expenses related to each Designated Investment in which the Investor participates, and, if the Investor has otherwise redeemed his or its interest, the Investor will remain an investor to the extent, but only to the extent, of his or its interest in such Designated Investment and, upon a recognition event with respect to each Designated Investment, the interest such Investor has in the Designated Investment will be redeemed, without notice, at the redemption price, determined as set forth in the offering documents for the Private Investment Fund. In addition, profits and losses of “follow-up” investments to Designated Investments may be allocated only to the Investors who participated in the original Designated Investment.

- Material Non-Public Information. During the course of the External Manager’s or the Private Investment Fund’s regular investing activities, Monterey or an External Manager may obtain material non-public information with respect to a company, or the Private Investment Fund or an External Manager may become subject to trading restrictions pursuant to internal trading policies or as a result of applicable law or regulations. As a result, the Private Investment Fund or the External Manager may be prohibited for a period of time from purchasing or selling such companies’ securities and such prohibition may have an adverse effect on the Private Investment Fund or the External Managers.

The discussion of risks above is not exhaustive. Investors should refer to the Private Investment Fund’s offering documents for a more detailed explanation of the risk factors associated with an investment in the Private Investment Fund.

Item 9: Disciplinary Information

There are no legal or disciplinary events that are material to a Client's or prospective Client's evaluation of Monterey's advisory business or the integrity of Monterey's management.

Item 10: Other Financial Industry Activities and Affiliations

None of Monterey or its management personnel is registered, or has an application pending to register, as a broker-dealer, futures commission merchant, commodity pool operator, a commodity trading advisor, or is an associated person of the foregoing entities. Nathaniel Simons, the Chairman and a Senior Managing Director of the general partner of Monterey, is a director of Renaissance Technologies LLC (“**Renaissance**”), a registered commodity pool operator and commodity trading advisor, and in his capacity as such, is registered as a listed principal with the National Futures Association.

Conflicts of Interest

Monterey has an affiliated entity, Meritage Group LP (the “**RIA Affiliate**”), that provides investment advisory services to Affiliated Investment Vehicles that employ fund-of-funds and direct investing investment strategies. The RIA Affiliate is registered with the SEC as an investment adviser. The Affiliated Investment Vehicles and the Private Investment Fund invest in many of the same investment funds managed by the same External Managers. In the event that the Private Investment Fund and the Affiliated Investment Vehicles seek an investment with the same investment fund managed by an External Manager with limited capacity, the Affiliated Investment Vehicles will be given priority over the Private Investment Fund with respect to that investment.

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

Monterey has adopted a Code of Ethics pursuant to Advisers Act Rule 204A-1 that is applicable to Monterey's limited partners and supervised persons (collectively, "**Supervised Persons**"). The Code of Ethics requires Supervised Persons to exercise their authority and responsibility for the benefit of its Client and to refrain from activities that may conflict with the interests of its Client. The Code of Ethics contains policies and procedures that, among other things:

- prohibit trading on the basis of material non-public information;
- prohibit Supervised Persons from taking personal advantage of opportunities belonging to the Client;
- place limitations on personal trading by Supervised Persons (including prohibiting investing in initial public offerings) and impose reporting and certain pre-clearance obligations with respect to such trading;
- require Supervised Persons to obtain pre-clearance of transactions in private placements;
- impose limitations on the giving or receiving of gifts and entertainment; and
- restrict Supervised Persons' outside business activities.

Monterey's Chief Compliance Officer ("**CCO**") monitors compliance with these and all other aspects of the Code of Ethics.

Supervised Persons of Monterey may engage in investment and trading activities and may invest in one or more External Managers for their own account. Any such investment with an External Manager is subject to Monterey's Code of Ethics, described above. Any conflict between the Private Investment Fund and a Supervised Person with respect to investing in an External Manager would be addressed in Monterey's pre-clearance process, in accordance with its Code of Ethics.

Monterey and the RIA Affiliate and their principals currently do, and may in the future, manage the trading of Affiliated Investment Vehicles with objectives similar to those of the Private Investment Fund in which Monterey or the RIA Affiliate has or may have an equity interest. The portfolios of the Affiliated Investment Vehicles may be comprised, in whole or in part, of instruments in which the Private Investment Fund also invests or is permitted to invest. Where an investment in an Affiliated Investment Vehicle is deemed suitable for the Private Investment Fund, it may be afforded an opportunity to participate therein if Monterey deems it appropriate and equitable under the circumstances.

Monterey is not obligated to devote any specific amount of time to the affairs of the Private Investment Fund nor is it required to accord exclusivity or priority to the Private Investment Fund in the event of limited trading or investment opportunities arising from the application of position limit or other trading restrictions or opportunities. As noted above, in the event that the Private Investment Fund and the Affiliated Investment Vehicles seek an investment with the same investment fund managed by an External Manager with limited capacity, the Affiliated Investment Vehicles will be given priority over the Private Investment Fund with respect to that investment.

Conflicts of interest are discussed in further detail in the offering documents for the Private Investment Fund. The Code of Ethics provides that, at all times, Supervised Persons must ensure that Monterey meets its fiduciary obligations to its Client.

A copy of the Code of Ethics is available to Clients or prospective clients by submitting a request to the CCO at (415) 399-5330 or by email at chiefcomplianceofficer@meritagegroup.com.

Interest in Client Transactions

It is Monterey's general policy not to engage in principal trades. In any situation where Monterey determines that a principal trade is appropriate, it will obtain prior written approval from Investors based upon written disclosure to the Investors in compliance with Section 206(3) of the Advisers Act.

Monterey and the RIA Affiliate may engage in cross trades. In these cases Monterey and its RIA Affiliate have a potentially conflicting division of loyalties and responsibilities regarding both parties to cross trades. Occasionally Monterey may engage in a cross trade if Monterey or the RIA Affiliate is seeking to acquire or dispose of an investment with an underlying manager for the Private Investment Fund and another fund managed by Monterey or the RIA Affiliate is seeking to effect the contrary investment action. Further, principal or cross trade transactions may occur in connection with portfolio rebalancing among the Private Investment Fund and other accounts. Such cross trades will generally be effected at the current market price (which for investments with an External Manager is expected to be the last reported net asset value) and no fees or other remuneration will be paid in connection with any such transaction.

Item 12: Brokerage Practices**Best Execution**

Monterey has the authority to determine for the Private Investment Fund, without obtaining any consent, (1) securities to be bought and sold, (2) the amount of such securities to be bought and sold, (3) the broker or dealer to be used, and (4) commission rates paid. Monterey's authority is limited by its own internal policies and procedures and the Client's investment guidelines. Brokers for transactions in respect of Monterey's hedging activities will be selected by Monterey, and brokers for transactions in connection with Monterey's fund-of-funds strategy will be selected by the External Managers.

In selecting brokers to execute transactions, Monterey or the External Managers need not solicit competitive bids and do not have an obligation to seek the lowest available commission cost to be charged by the brokers it or they select. Because brokers are selected based on factors other than "execution only" commission rates, a client may be deemed to be paying for other products and services, including research, provided by the broker which are included in the commission rate. Portfolio transactions for the Private Investment Fund may be allocated to brokers on the basis of obtaining the best overall terms available, which each External Manager or Monterey, as the case may be, will evaluate based on a variety of factors, including the ability to achieve prompt and reliable execution at favorable prices, the operational efficiency with which transactions are effected, the competitiveness of the commission rates, the terms of borrowings available from the broker, the financial strength, integrity and stability of the broker, and the quality, comprehensiveness and frequency of available research and related services considered to be of value. Recognizing the values of these factors, Monterey or the External Managers may select a broker who charges brokerage commissions in excess of that which another broker might have charged for effecting the same transaction. With respect to the selection of brokers for its hedging activities, Monterey will make a good faith determination that the amount of commission is reasonable in relation to the value of the brokerage and research services received, viewed in terms of either the specific transaction or Monterey's overall responsibility to its Client.

Research and Other Soft Dollar Benefits

As noted above, Monterey and the External Managers may pay a broker a commission in excess of that which another broker might have charged for effecting the same transaction in recognition of the value of the brokerage, research and related services provided by the broker. Such brokerage practices are often referred to as the use of "soft dollars". These arrangements allow investment managers to supplement their own research analysis with the research and information provided by the broker. Such arrangements may also influence such investment manager's judgment in allocating brokerage business and create an incentive for investment managers to direct client transactions to brokers that provide the research and other services.

The hedging activities of Monterey are not anticipated to be of significant volume to generate "soft" commission dollars. To the extent that such soft-dollar credits are generated or soft-dollar products and services are obtained by External Managers, the External Managers will be receiving a benefit by reason of the direction of commissions because they will not need to produce or pay for the products or services (or charge such expenses to clients). This may create a conflict of interest between the External Manager, on the one hand and its investors, on the other hand, because some research and other products and services may not necessarily be used by the External Manager in servicing the clients whose commission dollars provided for the research and clients may not, in any particular instance, be the direct or indirect beneficiary of the research or other products and services provided.

Section 28(e) of the Securities Exchange Act of 1934, as amended provides a safe harbor that allows investment managers with discretionary authority over client accounts to pay more than the lowest possible commission in order to obtain “brokerage and research services” without breaching their fiduciary duties to clients.

Research services and products that fall within the Section 28(e) safe harbor generally include, among other things, advice, analyses, reports, publications and writings that furnish advice as to the value of investments, the advisability of investing in, purchasing or selling investments, and the availability of investments, as well as analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy and the performance of accounts which the manager determines constitute advice, analysis or reports. Such research services also include, among other things, market data services such as stock quotes, last sale prices, trading volumes and financial and economic data, pre-trade and post-trade analytics, software and other products that depend on market information to generate market research (including research on optimal execution venues and trading strategies), raw data which the manager can use to prepare its own research analytics, conferences and seminars related to research discussions, meetings with corporate executives to obtain reports on, among other things, the performance of a company, publications targeted at a narrow audience, including, without limitation, publications which are directed to readers with specialized interests in particular products, industries or issuers, and software that provides analyses of investment portfolios.

Brokerage services that fall within the Section 28(e) safe harbor generally include clearance, settlement and short term custody services in connection with trades effected by the broker or dealer, post-trade services incidental to executing a transaction, comparison services that are required by SEC or self-regulatory organization rules, such as the use of electronic confirmation and affirmation of institutional trades, communications services related to execution, clearing and settlement of investment transactions, trading software to route orders to market centers, software that provides algorithmic trading strategies and software used to transmit orders to direct market access systems.

External Managers may use brokerage and research services within the safe harbor provided by Section 28(e), including those described above. However, they may not necessarily comply with the safe harbor provided by Section 28(e) in all circumstances. Conduct outside the safe harbor afforded by Section 28(e) is subject to the applicable standards of fiduciary duty under applicable law and the Advisers Act. To the extent an External Manager uses commission to obtain soft dollar credits that would otherwise be an expense of the External Manager, such credits in effect constitute additional compensation to the External Manager.

Directed Brokerage

Monterey may request External Managers that trade a portion of the Private Investment Fund’s assets through managed accounts to direct brokerage transactions to particular brokers, but the External Managers will generally not be under any obligation to do so. Brokerage fees for such managed accounts are paid directly by the Private Investment Fund; brokerage fees for investments by investment pools managed by External Managers are generally one of the expenses of such investment pools.

Aggregation

Monterey does not expect to aggregate sale and purchase orders of securities with similar orders being made simultaneously for other accounts.

Trade Errors

It is Monterey's policy that the utmost care is to be taken in making and implementing investment decisions on behalf of Client accounts. To the extent that any errors occur, they are to be corrected promptly and reported to the Chief Operating Officer ("COO") or the portfolio manager in charge of the account and the CCO as set forth in Monterey's policies and procedures. Resolution of trade errors is handled on a case-by-case basis.

Item 13: Review of Accounts

The COO and portfolio management personnel monitor the Private Investment Fund on a daily basis and regularly review the portfolio to ensure it is consistent with the Private Investment Fund's investment objectives and guidelines. The portfolio managers also meet with the Chairman periodically to review all activities of the Private Investment Fund (including any investment guidelines or restrictions) on a regular basis.

Reports

Within 180 days of Monterey's fiscal year end, Monterey will send to each Investor an annual written report containing audited financial statements with respect to the prior year. As soon as practicable following year end, Monterey will send to each Investor annual tax information needed for the preparation of the Investor's income tax returns. During the year, Investors will receive at least quarterly unaudited written reports on the Private Investment Fund's performance. Notwithstanding the foregoing, the Private Investment Fund's investments will not, under any circumstances be disclosed to any Investor unless ordered by a court of law or regulatory agency. The Private Investment Fund will not knowingly make any investment that will (i) require it to disclose its investments to any governmental agency (e.g., under Sections 13 or 14 of the Securities and Exchange Act of 1934, as amended) or (ii) require disclosure of the Private Investment Fund's portfolio holdings in its year-end audited financial statements.

Item 14: Client Referrals and Other Compensation

Neither Monterey nor any of its related persons have any arrangements, oral or in writing, through which they are paid cash by or receive an economic benefit from a non-client in connection with giving advice to the Client. In addition, Monterey does not currently compensate third parties, including brokers and dealers or placement agents, in connection with the solicitation of prospective clients or Investors.

Item 15: Custody

Monterey's Client is the Private Investment Fund, which is a pooled investment vehicle. By virtue of its role as investment manager, Monterey may be deemed to have custody of the assets of the Private Investment Fund. Assets of the Private Investment Fund are maintained with qualified custodians to the extent required by Rule 206(4)-2 under the Advisers Act. An independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, audits the Private Investment Fund annually and the audited financial statements are distributed to Investors within 180 days after the end of the Private Investment Fund's fiscal year.

Item 16: Investment Discretion

Monterey provides discretionary investment management services to the Private Investment Fund in accordance with its investment objectives and restrictions. This means that Monterey has the authority to determine (i) the securities to be purchased and sold for the Private Investment Fund (subject to the investment objective and restrictions of the Private Investment Fund) and (ii) the amount of securities to be purchased or sold for the Private Investment Fund, in each case without notice to, consulting with, or seeking the consent of, the Private Investment Fund or the Investors prior to engaging in such transactions.

Item 17: Voting Client Securities

The Private Investment Fund invests in External Managers and therefore Monterey does not expect to receive or vote proxies on its behalf. However, Monterey has the authority to vote proxies should it ever have the opportunity to vote proxies for its Client. Monterey acknowledges its fiduciary obligation to vote such proxies in the best interest of the Private Investment Fund, consistent with its investment objectives. In the event that it exercised such voting authority, Monterey would aim to consider the relevant material factors of its vote that could affect the value of the Private Investment Fund's investments in order to vote, in its judgment, in a manner that is most likely to maximize the value of the Private Investment Fund's investments. Specifically, Monterey would generally support proposals aimed at effectuating standard and necessary aspects of business operations, which will not typically have a significant effect on the value of the investment, such as name changes, elections of directors and employee stock purchase or ownership plans, and Monterey would generally vote against any management proposals that Monterey believes could prevent companies from realizing their maximum market value, or would insulate companies and/or management from accountability to shareholders or prudent regulatory compliance. There may be situations where Monterey would determine that it is appropriate and in the Private Investment Fund's best interests for Monterey not to vote proxies with respect to certain investment positions (e.g., those involving rehypothecated securities).

In the event of a conflict of interest is identified in connection with voting a particular proxy, the CCO will determine whether such conflict is material and determine the appropriate action with respect to voting such proxy (including whether to inform Investors of the conflict or seek the recommendation of a third party). The CCO will document the steps taken to evidence that the proxy vote or abstention was in the best interest of the Client and not the product of any material conflict.

Monterey has adopted proxy voting policies and procedures in accordance with Rule 206(4)-6 under the Advisers Act. Monterey will ensure that all books and records relating to its proxy voting activities are retained in accordance with the requirements of Rule 204-2(c)(2) under the Advisers Act. Clients may obtain a copy of Monterey's proxy voting policies and procedures and information about how Monterey voted their securities by contacting the CCO at (415) 399-5330 or by email at chiefcomplianceofficer@meritagegroup.com.

Item 18: Financial Information

Monterey is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to Clients. Monterey has not been the subject of a bankruptcy proceeding within the past 10 years.