

ADV PART 2A FIRM BROCHURE

EXIGENT CAPITAL MANAGEMENT LLC

250 Park Ave
New York, New York 10177
Tel: 646-506-9450

www.exigentcap.com

November 1, 2012

This brochure provides information about the qualifications and business practices of Exigent Capital Management LLC. If you have any questions about the contents of this brochure, please contact us at 646-506-9474 or sglick@exigentcap.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Note that being a “registered investment adviser” does not imply a certain level of skill or training.

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

Table of Contents

Table of Contents	2
Advisory Business	3
Fees and Compensation	4
Performance-Based Fees and Side-By-Side Management.....	5
Types of Clients.....	5
Methods of Analysis, Investment Strategies and Risk of Loss	6
Disciplinary Information.....	10
Other Financial Industry Activities and Affiliations	10
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	10
Brokerage Practices	11
Review of Accounts	12
Client Referrals and Other Compensation.....	13
Custody.....	13
Investment Discretion.....	13
Voting Client Securities	14
Financial Information.....	14
Requirements for State-Registered Advisers.....	14

Advisory Business

Since 2009 Exigent Capital Management LLC (“Exigent”) has been providing investment advice, seeking investments that offer compelling risk/reward profiles with understated headline returns. Exigent currently performs investment supervisory services with respect to its interest-only strips investment strategy and its short duration commercial mortgage-backed securities investment strategy. Exigent plans to launch Exigent Advantage Fund LP, which is expected to commence operations on December 1, 2012. Exigent may in the future introduce other funds, services and/or investment strategies. For more information on our investment strategies, see “Methods of Analysis, Investment Strategies and Risk of Loss” below.

Exigent serves as investment advisor to a number of pooled investment vehicles (each a “Fund” and collectively, including any future pooled investment vehicle for which Exigent serves as an investment advisor, the “Funds”): Exigent IO Credit Opportunities Fund LLC (“IO Strip Fund I”), Exigent IO Credit Opportunities Fund II LP (IO Strip Fund II) and Exigent Advantage Fund LP (“Advantage Fund”). Exigent also serves as investment advisor to certain managed accounts (each a “Managed Account” and together the “Managed Accounts,” together with the Funds, the “Clients”). To date, Exigent has provided investment advisory services to the Funds on a discretionary basis, including making and implementing investment decisions for such Clients, and investment supervisory services to the Managed Accounts on a non-discretionary basis. In the future, Exigent may provide non-discretionary advice to a new Fund Client or discretionary advice to a Managed Account Client.

To date, only entities which are related to Exigent through common ownership and control serve as the general partner or managing member of the Funds (each a “General Partner”). The General Partners of our existing Funds are currently New Opportunities Holdings LLC and New World Holdings LLC. We expect future Funds to be managed by the same entities or other affiliates of Exigent.

We tailor our investment advice to the needs of each Client, whether a related Fund Client or a Managed Account Client. We follow the investment objectives, strategies and guidelines of each Fund as specified in its offering documents but do not tailor our Fund investment advice to match the needs of any investor in a Fund. With respect to our Managed Account Clients, we discuss investment objectives and agree upon investment restrictions in each Client’s investment advisory agreement. In addition, with respect to our non-discretionary Clients, unless otherwise provided for in the Client’s investment advisory agreement, the Client approves each investment recommendation.

As of October 15, 2012, the amount of client assets Exigent manages is approximately \$50,200,000 on a discretionary basis and approximately \$18,400,000 on a non-discretionary basis. These amounts will vary in the near future as we are liquidating a Fund and Managed Account and launching a new Fund in the fourth quarter of 2012.

Exigent is owned equally by Eliezer Brender and Eric Davis.

Fees and Compensation

Exigent receives an annual management fee from each of the Funds that is typically 2% of each Fund's total fund net asset value. The management fee is typically paid monthly and deducted from each investor's account. Management fees may be payable in advance depending on the terms of each Fund's offering documents. The fees of each Fund are stated in the offering documents of that Fund. Fees and fee terms may vary from Fund to Fund.

Exigent receives an annual management fee from each of its Managed Account Clients that is typically based on a percentage of total account net asset value. Our standard management fee is 2% of the total account net asset value but the amount of the fee is independently negotiated with each Managed Account Client and may vary based on a number of circumstances. The fee is typically payable monthly in advance. Exigent does not typically deduct its fees directly from its Managed Account Clients.

From time to time, Exigent and/or the applicable General Partner may enter into letter agreements or other similar arrangements with one or more Fund investors that provide for different and potentially more favorable terms than the terms described herein. Exigent may grant certain investors preferential rights with respect to various matters, including, without limitation, lower management fees and incentives fees, and more favorable redemption rights. Any such fee reduction or other preferential right shall be determined on a case by case basis. Funds may also offer different share classes that have materially different terms, including terms regarding fees charged, minimum subscription, withdrawal or redemption rights and investment options. We may grant interests in new share classes to persons or entities with whom we are affiliated, as well as to third-party investors.

Each of the Funds has a third-party administrator and a third-party custodian that is unrelated to Exigent. The administrator calculates the fees to be paid to Exigent. Each Managed Account Client has a third-party custodian, and may also have a third-party administrator, that is unrelated to Exigent. The administrator, the custodian or Exigent calculates the fees to be paid to Exigent, as agreed upon with each Managed Account.

For information about performance-based fees received by Exigent or its affiliates, see the "Performance Based Fees and Side-By-Side Management" discussion below.

Each Client pays (or reimburses Exigent) for the direct and indirect expenses related to the operation of the Client account. The following are examples of expenses that are paid from Client accounts, as applicable:

- Administration and fund accounting, including fees charged by third party administrators and custodians
- Financial audit and preparation of tax returns
- Brokerage and transaction costs
- Third-party valuation services
- Bank fees
- Registration fees
- Security registration costs
- Organizational costs
- Travel expenses
- Legal and other professional fees and expenses
- Costs of winding up a fund

If an advisory contract with a Client is terminated before the end of a billing period, Exigent typically refunds any overpayment of fees pro rata based on the number of days remaining in the billing period. Managed Account agreements may provide, as agreed upon with such Client, that any advisory fee charged by Exigent will continue until the disposition of the investments acquired for the Client.

For more information on brokerage transactions, please see the “Brokerage Practices” discussion later in this brochure.

Performance-Based Fees and Side-By-Side Management

Exigent does not directly receive performance-based fees from its Clients. However affiliates of Exigent, including New Opportunities Holdings LLC and New World Holdings LLC, benefit from the performance-based fees that each receives as Fund General Partner. These performance based fees are typically known as performance distributions, performance allocations or incentive allocations among other names. These affiliates have common ownership or common majority ownership, and control with Exigent. Investors who acquire interests in our Funds are subject to the performance-based fees established in each Fund’s governing and offering documents. In general, these fees provide that the Fund’s General Partner receives 20% of investor profit as an incentive allocation or performance distribution to be paid annually upon meeting certain performance levels.

Exigent or its affiliates, including New Opportunities Holdings LLC and New World Holdings LLC may receive a portion of investor profits as an incentive allocation or performance distribution or may enter into an alternative performance-based fee arrangement with Managed Account Clients, as negotiated individually with each such Client.

Performance-based fee can create an incentive for Exigent to make investments that are riskier or more speculative than would be the case if only a management fee was charged or if an alternative fee arrangement was used. Exigent seeks to minimize this conflict by taking a disciplined approach to portfolio risk management.

Differences in performance-based fees among Clients may also provide an incentive for Exigent to favor certain Clients, in terms of investment allocation or time and effort, among other matters. We do not consider any Client’s fee structure in determining the suitability of an investment strategy for a current or prospective Client, the allocation of time, effort or investment opportunities to any current or prospective Client or any restrictions on the nature or timing of investments for any current or prospective Client.

Types of Clients

We currently provide investment advisory services to pooled investment vehicles (Fund Clients) and managed accounts for individuals or entities not related to Exigent (Managed Account Clients). Our investors include high net worth individuals, family offices, trusts, financial institutions, foundations, and other institutional investors.

Our Funds generally have a stated required minimum investment of \$250,000. We do not have a minimum size requirement for opening or maintaining a Managed Account but look for accounts to have an expected

initial invested capital of at least \$10,000,000. We may in our sole discretion accept Fund investments and Managed Accounts for lesser amounts.

This Brochure is not an offer to invest in any Fund.

Methods of Analysis, Investment Strategies and Risk of Loss

Our investment objective is to produce consistent absolute returns regardless of market conditions using a broad range of long and short investment strategies. Depending on the mandate of each of our Funds or Managed Accounts, we may invest for a Client in one strategy or any number of strategies.

In general, to achieve its investment objectives, Exigent uses a “top-down” approach to identify macroeconomic themes and investment opportunities. Upon identifying appropriate investment opportunities, a “bottom-up” financial analysis of the underlying instrument is undertaken. The top-down approach consists primarily of assessing underlying trends and perceptions that exist in the marketplace as a whole or in specific sectors, and looking for areas where market perceptions are mispricing assets. We strive to identify these mispriced assets through an enhanced understanding of the assets in question, as well as the cause and extent of the market misperceptions. We also look at niche products or markets where we have expertise, prior experience and/or a first-mover advantage among other factors.

Investment Strategies

In addition to the Advantage Fund, we currently serve as manager to Funds or Managed Accounts that focus on IO Strips (as defined below) and Short Duration Commercial Mortgage-Backed Securities, as described below. We may in the future serve as manager to additional Funds or Managed Accounts investing in these or other strategies. A description of any investment strategy, and the risks related to it, are set forth in a Fund’s governing and offering documents or agreed upon, together with any portfolio restrictions, with each Managed Account Client in the investment advisory agreement entered into with such Client. These materials should be reviewed carefully prior to any investment with Exigent.

IO Strips – IO Strips are interest only strips (“IO Strips”) of various loans. The objective when purchasing IO Strips is to earn enough interest to recapture the original investment plus a stated return. This is accomplished by purchasing the IO Strips at a multiple which represents a discount to the expected future cash flows under varying prepayment assumptions. IO Strip prices are market-driven based on interest rates and expected prepayment rates, and can be fashioned from a number of different kinds of underlying loans.

Short Duration Commercial Mortgage-Backed Securities – Commercial mortgage-backed securities are bonds issued by special purpose entities that hold numerous mortgage loans on commercial properties. The bonds are issued in different series that provide varying degrees of credit protection including payment priority, different anticipated principal repayment dates and anticipated yields. The bond series (also known as classes or tranches) are typically rated by one or more nationally recognized rating agencies. Although Clients can indicate after consultation with Exigent how they would like to build their portfolio, in particular with respect to duration, yield and credit risk, Exigent’s focus in this investment strategy is primarily the acquisition of AAA-rated, short duration, CMBS 1.0 bonds that are in the upper levels of the capital structure. The objective of this investment strategy is to provide more favorable returns as compared to investments with similar risk profiles and similar duration. We seek to accomplish this by looking for market mispricing which enables us to purchase securities at prices that are discounted to value. Exigent has engaged the

services of a subadvisor with respect to the CMBS Investment Strategy. The Subadvisor's Brochure will be provided upon request.

Multi-Strategy - Exigent has broad discretion to invest in various strategies through its Advantage Fund. Subject to any restrictions that would apply if Exigent's application to serve as a commodity pool operator is not approved, the Advantage Fund can invest in foreign exchange, government, corporate and asset-backed backed bonds, interest rates, equities, commodities and real property in the spot, forward, futures, options and/or the swaps markets as well as niche products and markets, both in the U.S. and internationally. The Advantage Fund is not subject to specific restrictions on asset type, industry, geographic market, concentration, leverage, exposures to market risk or other portfolio characteristics (other than with respect to its side-pocket limitations).

It is important to note that investing in any securities or other assets involves risk of loss that investors should be prepared to bear. There can be no possibility of profit without risk of loss, including the risk of loss of one's entire investment. See the offering documents for each Fund or information materials for each Managed Account for more information about each strategy and its risks.

Risk of Loss

Certain of the key risks involved investing with Exigent are summarized below; however, this is not a complete description of all risks. For additional information see the offering documents or informational materials with respect to each Fund or strategy, as applicable. An investor should not make an investment in any strategy, through a Fund or otherwise, with the expectation of sheltering income or receiving cash distributions. Investors are urged to consult with their personal advisors in connection with any investment with Exigent.

- General Investment Risk; Risk of Loss of Capital - There can be no assurance that any Fund or Managed Account will achieve its investment objective or avoid substantial losses. Investing in our Funds and Managed Accounts are subject to multiple risks including the risk of entire loss of one's invested principal. In addition, investment in some of our strategies involves a higher degree of risk than other strategies. Many of these risks are beyond the control of Exigent. For additional information see the offering documents or informational materials with respect to each Fund or strategy, as applicable.
- Dependence on Key Management Personnel - The success of Exigent will depend, in large part, upon the skill and expertise of management. In the event of the death, disability or departure of such individuals, the business and performance may be adversely affected. Fund investors generally have no authority to make decisions or to exercise business discretion on behalf of the Funds. The authority for all such decisions is delegated to the General Partner who may in turn delegate investments responsibilities to Exigent. The success of Client accounts depends upon the ability of Exigent or a Fund's General Partner to develop and implement investment strategies that achieve the Fund's investment objectives. Subjective decisions made by Exigent or a Fund General Partner may cause the Client to incur losses or to miss profit opportunities on which it would otherwise have capitalized. In the event that Eliezer Brender or Eric Davis were to become unable to participate in the management of the Fund or any Managed Account, the consequences to such Client could be

material and a diverse and could lead to the premature termination of the Fund or the Managed Account.

- Limited Operating History – Exigent and its affiliates have limited operating histories upon which prospective investors may base an evaluation of the likely performance of future investments. . There is no assurance that any Fund or Managed Account will succeed in meeting its investment objective. Any Fund's or Managed Account's investment program should be evaluated on the basis that there can be no assurance that its general assessment of the short-term or long-term prospects of investments will prove accurate or that the account will achieve its investment objective.
- Location Risk - Exigent and its personnel currently spend a majority of their time working in one building located in Jerusalem. Loss of this building, damage to or restricted access to the building, or any harm to any of the key personnel could adversely affect Exigent's operations and investment returns of its Clients. Exigent has contracted for offsite data backup and recovery and has a disaster recovery plan for offsite operation but risk of disruption of operations remains. Because this building is not located in the United States but is located in Jerusalem, Israel, additional risks may be present including but not limited to increased dependence on technology and communication systems and prolonged periods of time during which Eliezer Brender and/or Eric Davis are not present in Exigent's New York office.
- Reliance on Trading Counterparties (including Electronic Trading Platforms) and other Vendors; Counterparty Risk - Some of the markets in which the Funds or Managed Accounts may effect transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes the Client to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Client to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Client has concentrated its transactions with a single or small group of counterparties. The lack of a complete and "foolproof" evaluation of the financial capabilities of the Clients' counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Client.
- Allocation of Time and Services; Conflict of Interest – Certain inherent conflicts of interest arise from the fact that Exigent and its affiliates (collectively, the "Management Group") will provide investment management services to multiple Funds, Managed Accounts and/or proprietary accounts sponsored by the Management Group in which you may not have an interest (such Clients, funds and accounts, "Other Accounts"). The respective investment programs of our Clients may or may not be substantially similar. The portfolio strategies employed by Exigent for its different Clients could be the same as or conflict with each other, and may affect the prices and availability of the securities and instruments in which the Clients invests. Conversely, participation in specific investment opportunities may be appropriate, at times, for multiple Clients. Exigent, any Fund General Partner their respective partners, principals, officers, agents or employees may have, manage and maintain investments in its or their own name or through other entities, may conduct any other business including any business within the securities industry, and may serve as an officer, director, consultant, partner or stockholder of any business including any business within the securities industry. Exigent, any Fund General Partner and their respective partners, principals, officers, agents and employees will

devote to each of their Clients as much time as they deem necessary and appropriate to manage such portfolios.

- Performance-Based Fee; Conflict of Interest – Exigent or its affiliates receive performance-based fees from the Funds and may receive a performance-based fee from certain Managed Account Clients. A performance-based fee may create an incentive for Exigent or its affiliates to make investments that are riskier or more speculative than would be the case if such arrangement were not in effect, or to favor certain Clients based on their compensation arrangement.
- Limited Liquidity - An investment in any Fund is suitable only for certain sophisticated investors that have no need for immediate liquidity in their investment. Such an investment provides limited liquidity since the Fund interests are not freely transferable and may not be sold, assigned, transferred, conveyed or disposed of without the prior consent of the Fund's General Partner. There is no public market for interests in our Funds, and it is not expected that a public market will develop. There are also limitations on withdrawals of capital from each Fund, as outlined in each Fund's governing documents and offering documents.
- Business and Regulatory Risks of Hedge Funds. Legal, tax and regulatory changes could occur during the term of a Fund that may adversely affect the Fund. The regulatory environment for hedge funds is evolving, and changes in the regulation of hedge funds may adversely affect the value of investments held by the Fund and the ability of the Fund to obtain the leverage it might otherwise obtain or to pursue its trading strategies. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. The SEC, other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action.
- Adverse Effects Resulting from Economic, Geopolitical or Other Events – Conditions such as inflation, recession, unemployment, volatile interest rates, international conflicts and other factors, such as real estate values, energy costs, fuel prices, state and local municipal budget deficits, the European debt crisis and government spending and the U.S. national debt, all of which are outside the control of Exigent may, directly and indirectly, adversely affect performance results. In addition, with the increasing interconnectedness of global economic and financial systems, a financial crisis, natural disaster, geopolitical crisis, or other significant event in one area of the world can have an immediate and devastating impact on markets around the world.

Limits of Risk Disclosure - The above discussion, together with additional disclosure in any applicable private placement memorandum or investment summary, addresses certain risks associated with an investment with Exigent, but is not a complete list or discussion of all of the risks involved. PROSPECTIVE CLIENTS SHOULD CONSULT THEIR OWN ADVISORS BEFORE MAKING AN INVESTMENT WITH EXIGENT, INCLUDING CONSULTING THEIR OWN TAX ADVISORS IN EVALUATING THE TAX CONSEQUENCES OF AN INVESTMENT WITH EXIGENT. NO REPRESENTATION OR WARRANTY OF ANY KIND IS MADE WITH RESPECT TO THE TREATMENT OF ANY ITEM FOR TAX PURPOSES.

Disciplinary Information

Neither Exigent nor any members of its management team have been involved in any material legal or disciplinary events.

Other Financial Industry Activities and Affiliations

Exigent has applied for registration as a commodity pool operator and may separately rely through December 31, 2012 on an exemption from registration as a commodity pool operator. Exigent is relying on an exemption from registration as a commodity trading advisor. In conjunction with Exigent's commodity pool operator application, Eliezer Brender and Eric Davis have applied for registration as associated persons. Additional members of the Exigent team may also apply to be associated persons now or in the future. There is no guarantee that the applications of Exigent, Eliezer Brender and/or Eric Davis will be accepted.

F.D.N. Lexington Management Ltd ("Lexington") is a related party that is wholly owned by one of the principals of Exigent. Lexington provides certain administration, consulting, research and other services to Exigent with regards to its Clients and its operations. Exigent does not believe its relationship with Lexington creates conflicts of interest with its Clients.

Exigent currently serves as investment manager to IO Fund I, IO Fund II, the Advantage Fund and certain managed accounts. Exigent may in the future serve as investment manager or investment advisor to other funds or accounts. In addition, entities that have common majority ownership and control with Exigent, currently or may serve as General Partner and/or investment advisor of the new Funds or Managed Accounts. Exigent (and its principals, affiliates, agents and employees) may have conflicts of interest in allocating their time and activity between their various Clients and investment strategies, including ones in which Exigent, its affiliates and their principals may have a greater financial interest. Exigent will use its best efforts in connection with the purposes and objectives of each Client and will devote as much of its time and efforts to the affairs of each Client as may, in its judgment, be necessary and appropriate.

Exigent and its principals, affiliates, agents or employees may have, manage and maintain investments in its, his or her own name or through other entities, may conduct any other business including any business within the securities industry, and may serve as an officer, director, consultant, partner or stockholder of any business including any business within the securities industry.

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

Exigent has adopted a Code of Ethics, which includes a Personal Securities Transaction Policy and an Insider Trading Policy. Our Code of Ethics, which is available and will be furnished upon request, generally requires among other things that all officers, directors and employees of Exigent and Lexington:

- Act with competence, dignity, integrity, respect, and in an ethical manner with respect to the public, Clients, prospective Clients, investors, colleagues in the investment profession (including at Exigent and Lexington) and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of Clients and investors, and the interest of Exigent above one's own personal interest;
- Disclose conflicts of interest and/or resolve them in a way that favors the interests of Clients and/or investors over the interest of Exigent and any of its personnel;

- Disclose and obtain approval for outside business activities;
- Adhere to advertising and marketing policies;
- Maintain and improve professional competence and strive to maintain and improve the competence of other investment professionals associated with Exigent; and
- Comply with applicable provisions of the federal securities laws and the rules governing the capital markets, and any other laws or rules governing other products Exigent trades.

Exigent's Personal Security Transaction Policy requires all officers, directors and employees of Exigent and Lexington to:

- Pre-clear certain personal securities transactions, including all transactions for initial public offerings, private placements and securities traded for any Client;
- Report personal securities transactions (other than with respect to certain exempt transactions) on at least a quarterly basis; and
- Provide a detailed summary of certain holdings (both upon commencement of employment and annually thereafter) over which such persons have a direct or indirect beneficial interest.

In addition, Exigent personnel must not time their trades to precede orders placed for any Client and are subject to Exigent's corporate opportunity policy.

Exigent strongly discourages principal trades and also disfavors "cross" trades. Based on the facts and circumstances surrounding any particular proposed transaction, and after compliance review and documentation including receipt of any consents required by applicable law, Exigent may however permit itself, its principals and/or its Funds to, or may suggest to a Managed Account that it, engage in a principal trade, a "cross" trade or certain other related party transactions. These transactions may arise in illiquid markets, with odd-lot positions or for portfolio rebalancing purposes, among other reasons. Certain Funds managed by Exigent provide that each limited partner authorizes the Fund's General Partner to select one or more representatives of the investors, who shall not be affiliated with the General Partner, to serve on a committee and, on behalf of the investors, to approve or disapprove, to the extent required by applicable law or requested by Exigent or the General Partner, any principal transactions and certain other related party transactions. The existence of this committee shall not obligate Exigent or the General Partner to obtain consents for any transactions when such consents are not required by law. See the governing documents of each Fund to determine if such a committee is authorized for that Fund.

Exigent, its affiliates and employees of Exigent and Lexington may invest in any Fund, and in securities or other assets (or related securities or related assets) in which any Fund invests or which it recommends to any Managed Account ("Client Assets") subject to applicable law and compliance with Exigent's Code of Ethics and Compliance Manual. This may create a conflict of interest with respect to, among other factors, allocation of investment opportunities and timing of transactions between our Clients and our personnel. In addition to complying with applicable pre-clearance requirements under our Code of Ethics, Exigent personnel must not time their trades to precede orders placed for any Client and are subject to Exigent's corporate opportunity policy.

Brokerage Practices

Brokers are selected after Exigent has reviewed a number of relevant factors to obtain best execution. Those factors include but are not limited to a broker's or dealer's ability to effect such transactions promptly and

reliably, its facilities, reliability and financial responsibility and competitiveness of the transaction costs. Certain brokers may be utilized due to their presence in certain markets and ability to trade certain securities.

At present, Exigent does not enter into formal soft dollar arrangements or other arrangements that would commit it or its Clients to a specific or implied level of trading. As institutional money managers, Exigent and the General Partners of its Funds may receive access to research made available through trading counterparties and other sources. Exigent and its affiliates believe this type of research to be generally available to institutional money managers of similar size. Exigent and its affiliates may, in the future, take into consideration in its selection of brokers or dealers the provision of research or advice or payment (or the rebate to any Clients for payment) of the costs of research or brokerage products or services which Exigent or its affiliates consider to be of benefit to any Client, Exigent or its affiliates. If we decide to enter into soft dollar arrangements in the future, we will do so only after considering any potential conflicts of interest.

Exigent does not currently consider client referrals from broker-dealers when making brokerage allocation decisions. Some brokerage firms offer various types of capital introduction services under which qualified potential investors are introduced to investment funds. We may look to participate in one or more of such programs in the future after considering, among other factors, additional brokerage compensation charged in respect of such services, requirements regarding any minimum level of business with the broker and any other requirements to participate in the program. If we do participate in any such programs, we may have an incentive to select a broker-dealer based on our interest in receiving client referrals rather than on our Clients' interest in receiving favorable execution.

Exigent does not have any directed brokerage arrangements with its Clients.

Exigent may aggregate Client trades when such aggregation is expected to be in the best interest of all participating Clients. In the event such investment opportunities arise, participation in such opportunities will be allocated on an equitable basis, taking into account such factors as the relative amounts of capital available for new investments, portfolio diversification/concentration criteria, expectation for acquiring additional similar collateral in the near future, exposure to short-term market trends and related risk-profile of each account, the tax situation, the respective investment programs and portfolio positions of each of the Clients for which participation is appropriate and any other relevant factors. Such considerations may result in allocations of certain investments among Exigent's Clients on other than a *pari passu* basis, which could result in different performance among such Clients.

Review of Accounts

Exigent reviews Client accounts on an ongoing basis throughout the year. Formal account reviews are conducted at least quarterly by the Portfolio Manager to ensure compliance with Client investment objectives and any investment restrictions. The Chief Compliance Officer works with investment personnel to determine whether any issues warrant changes to Exigent's policies or procedures.

Fund administrators typically provide Fund investors with investor statements on a monthly basis. Managed Account Clients also typically receive holdings reports or financial statements on a monthly basis. Exigent provides audited financial statements for its Fund Clients on an annual basis.

We urge our Clients and investors to carefully review all statements and reports they receive and whenever possible to compare the same or similar information on different reports. We urge our Clients and investors

to compare any reports received from Exigent with reports received from third-party administrators, custodians or valuation services

Client Referrals and Other Compensation

Exigent has, and may enter into additional, fee based arrangements with certain third parties that refer investors to Exigent. The third parties receive a negotiated amount for such referrals, which amount may be based on the portion of the management fees collected by Exigent, a portion of the performance-based fees collected by the general partner of a Fund, a portion of the percentage of assets initially invested by the investor or remaining invested over time, or other criteria or a combination of such criteria.

Custody

Although Exigent is deemed to have custody of assets of its Fund Clients under the rules of the Investment Advisors Act of 1940, Exigent's policy is not to have physical custody of these assets. Instead, Exigent retains custody of Fund assets at one or more banks, broker-dealers, trust companies or other custodians. Such custodians deliver monthly custody reports to Exigent. If an asset or certificate were not to be accepted by its custodians or incorrectly delivered to Exigent, Exigent may have to custody the asset at least on a temporary basis until appropriate arrangements are made or the assets can be sent to the appropriate custodial location

Exigent's policy is not to have custody of assets of its Managed Account Clients.

For information regarding reports received directly by Exigent Clients, see the "Review of Accounts" discussion above.

Investment Discretion

To date, Exigent exercises investment discretion over all Funds, subject to the Fund's investment objectives and guidelines as set forth in its constituent documents. This authority is established through the subscription documents completed and signed by each investor prior to its investment in a Fund. We do not tailor our Funds' investment strategies for any investor. Some of our Funds have very specific restrictions as to what investments the Fund may hold. Other Funds, such as the Advantage Fund, may have very limited restrictions on the types or number of investments strategies it may pursue or the kind or range of products in which it may invest. You should review the offering documents of each Fund to understand the breadth of investments a Fund may hold and extent of the Fund's ability to hold assets which may not have been specifically identified in the offering documents.

We discuss investment objectives with our Managed Account Clients and agree upon investment restrictions in the investment advisory agreement which is signed by each Managed Account Client. For non-discretionary Managed Accounts, we make recommendations but, unless otherwise provided for in the Client's investment advisory agreement, the Client approves transactions before execution. If we accept any discretionary Managed Accounts in the future, we will agree with each Client in its investment advisory agreement on the scope of our discretionary authority.

Exigent has engaged the services of a subadvisor with respect to its short duration commercial mortgage-backed securities investment strategy. Either Exigent or such subadvisor may make recommendations to non-

discretionary Clients and either Exigent or such subadvisor may carry out the scope of discretionary powers agreed to by any future discretionary accounts in its investment advisory agreement.

Voting Client Securities

Exigent votes Client proxies when it has discretionary authority to do so. It is Exigent's policy to vote in a manner which it believes is in the best interest of the Client, whether that is to increase shareholder value the most, decrease shareholder value the least or with another objective in mind. Consideration is given to both the short and long term implications of the proposal when voting. Exigent may abstain from voting for a variety of different reasons including but not limited to: i) if it deems that abstinence is in its Client's best interests, ii) when it has determined that the vote is immaterial to the value of the securities held, iii) if the costs related to the vote are disproportionate to the expected value of the vote, or iv) if Exigent has sold the related security since the record date.

When necessary, Exigent monitors for potential conflicts of interest between its Client's interest and its own within the proxy voting process. In addition, if Exigent receives proxies for the same security held by more than one Exigent Client, Exigent will vote the securities in the best interest of all of the Exigent Clients. Exigent will monitor for any conflict of interests between such Clients.

Exigent does not vote proxies with respect to non-discretionary accounts. In addition, certain of the investments held by the Funds or Managed accounts may not have any proxies to vote due to the nature of the asset.

Exigent's complete proxy voting policy and procedures are memorialized in writing and are available for review upon request. In addition, Exigent's complete proxy voting record for the past twelve months is available to Clients and investors upon request. For further information, contact Exigent at the phone number listed on the front of this brochure.

Should Exigent inadvertently receive proxy information for a security held in a Client's account for which Exigent does not have authority to vote proxies, Exigent will immediately forward such information to the Client, and will not take any further action with respect to such proxy voting. In case of termination of its Agreement with a Client, Exigent shall make a good faith and reasonable attempt to forward proxy information inadvertently received by Exigent on behalf of the Client to the forwarding address provided by the Client to Exigent.

Financial Information

Exigent does not require or solicit prepayments of fees six months or more in advance. Exigent has discretionary authority and deemed custody of certain Client funds or securities. However, Exigent does not foresee any conditions that would impair its ability to meet its contractual commitments. Exigent has never been the subject of a bankruptcy petition. Exigent is not required to include financial statements in this brochure.

Requirements for State-Registered Advisers

Exigent is not registered with any State as an investment adviser.