
Brochure

Zimmer Lucas Capital, LLC

February 13, 2012

This brochure provides information about the qualifications and business practices of Zimmer Lucas Capital, LLC, an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this brochure, please contact the Adviser at (212) 509-1600. This information has not been approved or verified by the SEC or by any state securities authority.

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

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Zimmer Lucas Capital, LLC
7 West 54th Street
New York, New York 10019
Tel: (212) 509-1600
Fax: (212) 656-1708

Item 2. Material Changes

This is the first brochure (the “Brochure”) of Zimmer Lucas Capital, LLC (the “Adviser”). As such, there is no prior version of the Brochure and no material changes to be noted.

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Item 4. Advisory Business

The Adviser is an investment adviser with its principal place of business in New York, New York. The Adviser commenced operations as an investment adviser in June 1997. The principal owners of the Adviser are Stuart J. Zimmer and Craig M. Lucas.

The Adviser provides investment supervisory and management services on a discretionary basis to clients, which are commingled private investment funds intended for institutional investors and other sophisticated investors. The general investment objectives of the Adviser's direct investment funds (the "Direct Investment Funds") are focused, although not exclusively, on electric and gas utilities, integrated utilities, independent power producers and pipelines, master limited partnerships ("MLPs"), exploration and production ("E&P") companies, issuers in other energy related industries and income-producing securities.

The Adviser's fund of funds ZLP Domestic Investments, L.P. (the "ZLP Domestic Investments Fund" and together with the Direct Investment Funds, the "Funds") invests primarily in a diversified program of other investment partnerships, managed funds and other investment vehicles (the "Underlying Funds") that may invest or trade in a wide range of equity, debt and derivative securities. ZLP Domestic Investments Fund may invest in the Direct Investment Funds, which are also managed by the Adviser. ZLP Domestic Investments Fund may also invest and trade directly in and hedge concentrated positions and/or increase unrepresented positions from within the portfolios.

The Adviser presently provides investment advice only to the Funds, and as such, neither tailors its advisory services to the individual needs of investors nor accepts investor-imposed investment restrictions.

As of December 31, 2011, the Adviser had US\$918,200,000 in client assets under management, all of which was managed on a discretionary basis.

Item 5. Fees and Compensation

The Adviser is generally compensated for its advisory services to each Direct Investment Fund through an annual management fee ranging from 2.0%-2.5% of the relevant Fund's assets under management, calculated and payable quarterly in advance. The Adviser is generally compensated for its advisory services to ZLP Domestic Investments Fund through an annual management fee equal to 1.2% of ZLP Domestic Investments Fund's assets under management, calculated and payable quarterly in advance. Under certain circumstances, the management fees are negotiable. The Adviser deducts the management fees from a Fund by instructing the Fund's custodian.

The management fee will be prorated in the event the Adviser does not remain the investment manager or management company of a Fund for the entire calendar quarter. Further, provisions relating to a prorated refund of management fees upon an investor's redemption or withdrawal, if any, during a calendar quarter are described in the offering memorandum for the applicable Fund.

As noted in Item 4 above, ZLP Domestic Investments Fund may invest a portion of its assets in the Direct Investment Funds, and the Direct Investment Funds will charge their standard fees with respect to such portion. However, the management fee of ZLP Domestic Investments Fund relating to such portion invested in the Direct Investment Funds shall not be charged to investors in the ZLP Domestic Investments Fund.

Generally, the Funds will pay their own expenses including the fees paid to the Adviser and the administrator, directors' fees, if any; fees paid to the money managers (the "Money Managers") of the Underlying Funds, if any; administrative expenses; accounting and legal expenses; insurance (including D&O insurance) and organizational expenses; investment expenses such as commissions; research expenses (including research-related travel); interest on margin accounts and other indebtedness; borrowing charges on securities sold short; custodial fees; bank service fees and all other reasonable expenses related to the purchase, sale or transmittal of Fund assets. Certain Fund assets are invested in a master-feeder structure. Feeder funds bear a pro rata share of the expenses associated with the related master fund. In addition, Funds will incur brokerage and other transaction costs. Please refer to Item 12 for a discussion of the Adviser's brokerage practices.

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

A related person of the Adviser is entitled to be paid performance-based compensation by the Direct Investment Funds. In addition, the Adviser's investment personnel are typically compensated on a basis that includes a performance-based component. The Adviser and its investment personnel, including investment personnel that share in performance-based compensation, manage both the Direct Investment Funds, which are charged performance-based and asset based fees, and ZLP Domestic Investments Fund which is only charged an asset-based fee and no performance-based fees. Notwithstanding the foregoing, investors in ZLP Domestic Investments Fund are responsible for their pro-rata share of any management and performance-based fees charged to ZLP Domestic Investments Fund by the Underlying Funds in which they invest.

When the Adviser and its investment personnel manage more than one Fund a potential exists for one Fund to be favored over another Fund. The Adviser and its investment personnel have a greater incentive to favor Direct Investment Funds since they charge performance-based compensation, whereas ZLP Domestic Investments Fund does not. Although ZLP Domestic Investments Fund invests primarily in Underlying Funds, certain investments of the Direct Investment Funds and ZLP Domestic Investments Fund may overlap. As described below, the Adviser will endeavor to allocate investment opportunities fairly among all Funds. The Adviser and its supervised persons may also have conflicts allocating their time and activity between the Direct Investment Funds and ZLP Domestic Investments Fund given their greater financial interest in the Direct Investment Funds. Further, the possibility that a related person of the Adviser could receive performance-based compensation from the Direct Investment Funds creates a potential conflict of interest in that it may create an incentive for the Adviser to effectuate larger and more risky transactions than would be the case in the absence of such form of compensation.

The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities. Relevant portfolio, trading and legal and compliance personnel of the Adviser review investment positions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated fairly. The Adviser's procedures also require the fair allocation of limited opportunities (such as initial public offerings and private placements) to ensure appropriate allocation among accounts. These areas are reviewed by the Chief Compliance Officer and other relevant personnel of the Adviser.

Item 7. Types of Clients

The Adviser's clients are pooled investment vehicles. Any initial and additional subscription minimums are disclosed in each Fund's offering memorandum.

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

Below is a summary of the investment strategies the Adviser uses with respect to the Funds. Although the Funds may engage from time to time in certain or all of the activities or strategies described below, there is no one ideal “mix” of these strategies; rather, the Adviser will endeavor to allocate each Fund’s resources among the various strategies in response to changing market opportunities.

The ZLP Fund

The investment objective of the ZLP Fund is to employ an energy-focused, long/short strategy which seeks to deliver absolute returns in all market conditions with minimal correlation to the energy sector and broader market indices. The ZLP Fund invests primarily in the following long/short sub-portfolios: Master Limited Partnerships (“MLPs”) and Exploration and Production (“E&P”) companies. The Adviser seeks to achieve the ZLP Fund’s investment objective primarily through individual security selection based on fundamental research and analysis.

The Utility Funds

The investment objective of the Utility Funds is to employ an energy-focused, long/short strategy which seeks to deliver absolute returns in all market conditions with minimal correlation to energy sector indices and broader market indices. The Utility Funds invest primarily in the following utility companies: electric and gas utilities, integrated utilities, independent power producers and pipelines. The Adviser seeks to achieve the Utility Funds’ investment objective primarily through individual security selection based on fundamental research and analysis.

The Opportunity Funds

The investment objective of the Opportunity Funds is to employ an energy-focused, long/short strategy which seeks to deliver absolute returns in all market conditions with minimal correlation to energy-related indices and broader market indices. The Opportunity Funds invest primarily in the following long/short sub-portfolios: electric and gas utilities, MLPs, E&P companies and debt securities of energy companies. The Adviser seeks to achieve the Opportunity Funds’ investment objective primarily through individual security selection based on fundamental research and analysis.

ZLP Domestic Investments Fund

ZLP Domestic Investments Fund seeks to achieve a positive rate of capital appreciation principally by investing in, directly or indirectly, a diversified program of investment partnerships, managed funds and other investment vehicles that may invest or trade in a wide range of equity, debt and derivative securities. In order to achieve ZLP Domestic Investments Fund’s investment objective, the Adviser will select and allocate its funds among the Underlying Funds of several professional Money Managers who, in the judgment of the Adviser, have exceptional skills. The Money Managers are given broad flexibility (as discussed in the respective Underlying Fund’s offering memorandum) to take long or short positions in accordance with the market environment, employ leverage and use derivative instruments. Investment strategies of the Underlying Funds may include equity long/short, volatility arbitrage, direct lending and multi-strategy, among others.

In addition to investing ZLP Domestic Investments Fund’s assets with Money Managers, the Adviser may also invest and trade the assets of ZLP Domestic Investments Fund directly to hedge concentrated positions and/or increase unrepresented positions from within the portfolio. Further, the Adviser may affect borrowings on behalf of ZLP Domestic Investments Fund (i) for cash management purposes, (i.e.,

to facilitate payments on redemptions and to remain fully invested in participation of future contributions) and (ii) in an amount not to exceed 50% of ZLP Domestic Investments Fund's net assets to make levered investments.

The Adviser selects hedge funds based on a number of factors including, but not limited to, portfolio management experience, style, historical performance, correlation to ZLP Domestic Investments Fund's other investments and organizational stability. The Adviser considers allocating assets to Underlying Funds operating in all global markets. The Adviser expects to reallocate ZLP Domestic Investments Fund's assets in response to changes in market conditions and Underlying Funds' performance.

Related Risks

Market Risks. The profitability of a significant portion of each Fund's investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that the Adviser or the Money Managers will be able to predict accurately these price movements. With respect to the investment strategies utilized by the Funds, there is always some, and occasionally a significant, degree of market risk.

Utility Industry Related Risks. Certain Funds' investment portfolios will contain securities in the electric and gas utility sectors. The risks associated with the long side of the portfolio of electric utility companies include those involving the construction, operation and licensing of nuclear power plants, including the risk of nuclear accident. The market value of the stock of electric and gas utility companies also may be adversely affected by inadequate rate increases from regulatory agencies. Conversely, the short side of the portfolio is subject to different risks, which might cause the price of these securities to rise, such as higher than expected dividends, unexpectedly positive regulatory changes, merger takeover or acquisition and lower interest rates. Other risks of electric and gas utilities include their sensitivity to changes in interest rates, their continuing requirements for raising additional capital and their obligation to comply with environmental and other governmental mandates.

Concentration in Energy and Natural Resources Sectors. Since certain Funds' investment portfolios will be concentrated in the energy and natural resources sectors, such investment portfolios may be subject to more rapid change in value than would be the case if such Funds were to maintain a wide diversification among securities or industry sectors. Furthermore, even within the energy and natural resources sectors, the investment portfolios may be relatively concentrated. This lack of diversification may subject the investments of such Funds to more rapid change in value than would be the case if the assets of such Funds were more widely diversified.

The value of such Funds' portfolios may be vulnerable to factors affecting the energy and natural resources industries, such as increasing regulation of the energy and natural resources sectors by both the U.S. and non-U.S. governments, developments in the energy and natural resources sectors and conservation incentives. Increased energy and natural resources regulations may, among other things, increase compliance costs and affect business opportunities for the companies in which the Funds invest.

Master Limited Partnerships. The value of certain Funds' investments in MLPs depends largely on the MLPs being treated as partnerships for federal income tax purposes. If an MLP does not meet current law requirements to maintain partnership status, or if it is unable to do so because of tax law changes, it would be taxed as a corporation. In that case, the MLP would be obligated to pay income tax at the entity level and distributions received by the Funds would be taxed entirely as dividend income. As a result, there would be a material reduction in such Fund's after tax return.

Items of income, gains, losses and deductions of each MLP flow through to the Fund in its capacity as a partner of the MLP. Historically, a substantial portion of MLP income has been offset by tax deductions. If the amount of MLP income tax deductions that may be claimed by the Fund is less than anticipated, the investors will incur greater current income taxes. A significant slowdown in acquisition activity by the MLPs in a Fund's portfolio also could accelerate the investors' obligations to pay income taxes due in part to less accelerated depreciation generated by new acquisitions.

Lack of Diversification. The Direct Investment Funds' portfolios are generally concentrated in energy, utility and/or natural resources sectors. Accordingly, the investment portfolio of a Direct Investment Fund may be subject to more rapid change in value than would be the case if the Direct Investment Fund were required to maintain a wider diversification among market sectors and types of securities.

There are no defined limits on the amount of ZLP Domestic Investments Fund's assets that may be allocated to any one Money Manager, and Money Managers may concentrate assets into a relatively small number of securities or in a particular asset category, trading style or financial or economic market. Accordingly, ZLP Domestic Investments Fund's portfolios may be subject to more rapid change in value than less concentrated portfolios would be.

Increased Costs of Frequent Trading. Certain Funds' investment strategies may involve frequent trading due to the active nature of such Funds' portfolios. As a result, the brokerage and commission expenses of such Funds may exceed those of other, less active, investment entities of comparable size.

Business and Financial Risk of Portfolio Companies. The companies in which the Funds may invest (both public and private) may involve a high degree of business and financial risk. The companies in which certain Funds plan to invest may be operating at a loss or have significant variations in operating results, may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence, may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial condition. The companies in which the Funds may invest may be highly leveraged. Leverage may have important consequences to these companies and the Funds as investors. These companies may be subject to restrictive financial and operating covenants. The leverage may impair these companies' ability to finance their future operations and capital needs. As a result, these companies' flexibility to respond to changing business and economic conditions and to business opportunities may be limited. A leveraged company's income and net assets will tend to increase or decrease at a greater rate than if borrowed money were not used.

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

Small to Medium Cap Stocks. At any given time, the Funds may have investments in smaller-to-medium sized companies with market capitalizations of less than \$5 billion. These securities often involve greater risks than the securities of larger, better-known companies.

Credit Default Swap Agreements. Certain Funds may be parties to credit default contracts. The "buyer" in a credit default contract is obligated to pay the "seller" a periodic stream of payments over the term of the contract in return for a contingent payment upon the occurrence of a credit event with respect to an underlying reference obligation. Generally, a credit event means bankruptcy, failure to pay or obligation acceleration. If a credit event occurs, the seller typically must pay the contingent payment to the buyer, which is typically the "par value" (full notional value) of the reference obligation. The contingent payment may be a cash settlement or by physical delivery of the reference obligation in return for payment of the face amount of the obligation. A Fund may be either the buyer or seller in the transaction. If a Fund is a buyer and no credit event occurs, the Fund may lose its investment and recover nothing. However, if a credit event occurs, the buyer typically receives full notional value for a reference obligation that may have little or no value. As a seller, a Fund receives a fixed rate of income throughout the term of the contract, which typically is between one month and five years, provided that no credit event occurs. If a credit event occurs, the seller may pay the buyer the full notional value of the reference obligations.

Credit default swaps involve greater risks than if a Fund had invested in the reference obligation directly. In addition to general market risks, credit default swaps are subject to liquidity risk and credit risk. A buyer also may lose its investment and recover nothing should no credit event occur. If a credit event were to occur, the value of the reference obligation received by the seller, coupled with the periodic payments

previously received, may be less than the full notional value it pays to the buyer, resulting in a loss of value to such Fund.

Short Sales. Certain Funds' investment programs typically include a significant amount of short selling. Short selling, or the sale of securities not owned by a Fund, necessarily involves certain additional risks. Such transactions expose the Fund to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by such Fund in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein such Fund might be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier. There can be no assurance that securities necessary to cover a short position will be available for purchase.

Leverage. The Funds' investment programs generally utilize leverage which involves the borrowing of funds from brokerage firms, banks and other institutions in order to be able to increase the amount of capital available for marketable securities investments. Although leverage increases returns to investors if a Fund earns a greater return on the investments purchased with borrowed funds than it pays for such funds, the use of leverage decreases returns to investors if such Fund fails to earn as much on such investments as it pays for such funds. A Fund faces additional risks in the event that its securities or other assets posted as collateral for borrowings decline in value, or the lender changes the margin requirements. In this event, the Fund could be subject to a "margin call" or "collateral call" pursuant to which the Fund must deposit additional assets with the lender or suffer mandatory liquidation of the pledged collateral to compensate for the decrease in value of the collateral.

Loan Participations. Certain Funds may have investments in corporate secured and unsecured loans acquired through assignment or participations. In purchasing participations, a Fund will usually have a contractual relationship only with the selling institution, and not the borrower. Such Fund generally will have no right directly to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set-off against the borrower, nor will it have the right to object to certain changes to the loan agreement agreed to by the selling institution. The Fund may not directly benefit from the collateral supporting the related loan and may be subject to any rights of set-off the borrower has against the selling institution.

In addition, in the event of the insolvency of the selling institution, under the laws of the United States and the states thereof the Fund may be treated as a general creditor of such selling institution, and may not have any exclusive or senior claim with respect to the selling institution's interest in, or the collateral with respect to, the loan. Consequently, the Fund may be subject to the credit risk of the selling institution as well as of the borrower.

Certain of the loans or loan participations may be governed by the law of a jurisdiction other than a United States jurisdiction which may present additional risks with regards to the characterization under such laws of such participation in the event of the insolvency of the selling institution or the borrower.

Illiquidity of Investments. The private investments of certain Funds are likely to be illiquid and long-term and are unlikely to provide current income. Illiquidity may result from the absence of an established market for investments as well as from legal or contractual restrictions on their resale by such Fund. Even if the private investments of the Fund prove successful, they may not produce a realized return to shareholders for a period of years.

Availability of and Ability to Acquire Suitable Investments. The identification of attractive investment opportunities is difficult and involves a high degree of uncertainty. While the Adviser believes that attractive investments of the type in which the Funds may invest are currently available, there can be no assurance that such investments will be available as the Funds continue investment operations, or that available investments will meet the Funds' investment criteria. While an objective of certain Funds is to

diversify its positions among certain different sectors and different sub-sectors within those sectors, such Funds' ability to achieve their desired diversification (particularly among private investments) depends, to a large degree, on the Funds' access to investment opportunities. The Funds are not assured of being offered any particular private investment opportunity and consequently there can be no assurance that the Funds will be able to build a portfolio sufficiently diversified to meet their investment objectives.

Options. Purchasing put and call options, as well as writing such options, are highly specialized activities and entail greater than ordinary investment risks especially when such options are not used as a hedge or are uncovered. Because option premiums paid or received by an investor will be small in relation to the market value of the investments underlying the options, buying and selling put and call options can result in large amounts of leverage. As a result, the leverage offered by trading in options could cause an investor's asset value to be subject to more frequent and wider fluctuations than would be the case if the investor did not invest in options.

Non-U.S. Securities. Investing in securities of non-U.S. governments and companies which are generally denominated in non-U.S. currencies and utilization of options on non-U.S. securities involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of the United States Government or United States companies. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Special Situations. Certain Funds may invest in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Funds of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, a Fund may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the Funds may invest, there is a potential risk of loss by the Funds of their entire investments in such companies.

Initial Public Offerings. Certain Funds' investment portfolios may at times contain securities from initial public offerings. The risks associated with long positions in such companies include poor market conditions or poor reception for the securities in the secondary market. The market value of new securities also may be adversely affected by bear markets, excessive market volatility, and rising interest rates. Conversely, short positions in such companies are subject to different risks, which might cause the price of the securities to rise, such as higher than expected earnings reports, unexpected positive contracts, mergers, takeovers or other acquisitions or restructurings (whether unconfirmed or announced), lower interest rates and positive investor sentiment (whether or not supported by underlying fundamentals).

Counterparty and Settlement Risk. To the extent a Fund invests in swaps, "synthetic" or derivative instruments, repurchase agreements, forward contracts, certain types of options or other customized financial instruments, or, in certain circumstances, non-U.S. securities, a Fund takes the risk of non-performance by the other party to the contract. This risk may include credit risk of the counterparty and the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions which generally are supported by guarantees of clearing organizations, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. In addition, a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, whether or not

a counterparty of a Fund, may cause a series of defaults by the other institutions, some of which may be counterparties of the Fund. Such a circumstance also may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which such Fund interacts on a daily basis. Misconduct by counterparties could also cause significant losses to the Fund.

In addition, with respect to synthetic securities, a Fund will usually have a contractual relationship only with the counterparty of such synthetic securities, and not the reference obligor on the debt security or other obligation upon which the synthetic security is based (the "Reference Obligation"). The Fund generally will have no right to directly enforce compliance by the reference obligor with the terms of the Reference Obligation or any rights of off-set against the reference obligor, nor have any voting rights with respect to the Reference Obligation. The Fund will not benefit directly from the collateral supporting the Reference Obligation or have the benefit of the remedies that would normally be available to a holder of such Reference Obligation. In addition, in the event of insolvency of the counterparty, the Fund will be treated as a general creditor of such counterparty, and will not have any claim with respect to the credit risk of the counterparty as well as that of the reference obligor. As a result, concentrations of synthetic securities in any one counterparty subject the notes to an additional degree of risk with respect to defaults by such counterparty as well as by the reference obligor.

Custody and Prime Brokerage Risk. There are risks involved in dealing with the custodians or prime brokers who settle Fund trades. The Funds maintain custody accounts with prime brokers. Although the Adviser monitors the prime brokers and believes that they are appropriate custodians, there is no guarantee that any of the prime brokers, or any other custodian that the Funds may use from time to time, will not become bankrupt or insolvent. While both the U.S. Bankruptcy Code and the Securities Investor Protection Act of 1970 seek to protect customer property in the event of a bankruptcy, insolvency, failure, or liquidation of a broker-dealer, it is likely that, in the event of a failure of a broker-dealer that has custody of Fund assets, the Funds would incur losses due to its assets being unavailable for a period of time, the ultimate receipt of less than full recovery of its assets, or both.

The Funds and/or any of the prime brokers may appoint sub-custodians in certain non-U.S. jurisdictions to hold the assets of the Funds. Such prime brokers may not be responsible for cash or assets which are held by sub-custodians in certain non-U.S. jurisdictions, nor for any losses suffered by the Funds as a result of the bankruptcy or insolvency of any such sub-custodian. The Funds may therefore have a potential exposure on the default of any sub-custodian and, as a result, many of the protections that would normally be provided to a fund by a custodian may not be available to the Funds. Further, the investment strategy of the Funds may require the Adviser to actively trade the Funds' portfolios, and if as a result of the insolvency of a custodian or prime broker, the Adviser is not able to actively trade the Funds' portfolios for some period of time, the Funds could be significantly adversely affected. Under certain circumstances, including certain transactions where the Funds' assets are pledged as collateral for leverage from a non-broker-dealer custodian or a non-broker-dealer affiliate of one of the prime brokers, or where the Funds' assets are held at a non-U.S. custodian, the securities and other assets deposited with the custodian or broker may not be clearly identified as being assets of the Funds and hence the Funds could be exposed to a credit risk with regard to such parties. Custody services in certain non-U.S. jurisdictions remain undeveloped and, accordingly, there is a transaction and custody risk of dealing in certain non-U.S. jurisdictions. Given the undeveloped state of regulations on custodial activities and bankruptcy, insolvency, or mismanagement in certain non-U.S. jurisdictions, the ability of the Funds to recover assets held by a sub-custodian in the event of the sub-custodian's bankruptcy or insolvency could be in doubt, as the Funds may be subject to significantly less favorable laws than many of the protections that would be available under U.S. laws.

Use of Multiple Advisers. Because ZLP Domestic Investments Fund invest with Money Managers who make their trading decisions independently, it is possible that one or more of such Money Managers may, at any time, take positions that may be opposite of positions taken by other Money Managers. It is also possible that the Money Managers retained by ZLP Domestic Investments Fund may on occasion be competing with each other for similar positions at the same time. Also, a particular Money Manager may take positions for its other clients that may be opposite to positions taken for ZLP Domestic Investments Fund.

Investors in ZLP Domestic Investments Fund should be aware that the Money Managers may invest in a wide range of securities or financial instruments, each of which may present different risks than those described in this Item 8.

Please refer to each Fund's offering memorandum for a more detailed description of the risks associated with the Adviser's methods of analysis and investment strategies and techniques.

Item 9. Disciplinary Information

This Item is inapplicable.

Item 10. Other Financial Industry Activities and Affiliations

This Item is inapplicable.

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

The Adviser has adopted a Code of Ethics that has been designed to comply with the requirements of Rule 204A-1 of the Investment Advisers Act of 1940. Among other things, the Code of Ethics (i) requires that all employees comply with federal securities laws, (ii) requires that all employees submit to the Adviser reports containing their personal securities holdings and transactions in reportable securities, and that the Adviser review such reports, (iii) requires all employees to obtain pre-approval of all personal investments other than certain "Allowable Instruments" (i.e., U.S. Treasury bonds, broad-based mutual funds, bank CDs and money market funds); and (iv) contains policies and procedures designed to prevent the misuse of material, non-public information. See below for a further description of the Adviser's personal account trading policy. All personnel of the Adviser are required to certify their compliance with the Code of Ethics. Clients or prospective clients may obtain a copy of the Code of Ethics by contacting John Lee, the Chief Compliance Officer, at (212) 509-1600.

The Adviser or its related persons act(s) as a general partner in various U.S. Funds in which the Adviser solicits client investments and also acts as investment adviser to various offshore Funds (for non-U.S. clients and U.S. tax-exempt clients) in which the Adviser solicits client investments. The Adviser, its employees, affiliates or their related persons may also invest directly in any one, some or all of the Funds. Additionally, the Adviser has previously invested a portion of its compensation from the Funds back into the Funds in the form of deferred fees. These practices create a conflict of interest because the Adviser or related person has an incentive to recommend securities to clients based on its own financial interests, rather than solely the interests of a client.

Further, as noted in Item 4 above, ZLP Domestic Investments Fund may invest a portion of its assets in the Direct Investment Funds, and the Direct Investment Funds will charge their standard fees with respect to such portion. However, the management fee of ZLP Domestic Investments Fund relating to such portion invested in the Direct Investment Funds shall not be charged to investors in the ZLP Domestic Investments Fund.

The Adviser permits employees and those of related persons to engage in personal account trading subject to adherence to written policies and procedures contained in its Code of Ethics. All employees are required to pre-clear personal securities transactions (unless such transaction(s) is exempt from the pre-clearance and reporting obligations of the Code of Ethics) prior to effecting them and to report transactions and holdings periodically. Generally, employees of the Adviser are prohibited from buying or selling any security: (i) that a Fund owns or is in the process of buying or selling or (ii) that the Adviser is actively and currently researching, analyzing or considering buying or selling for a Fund (as determined in the sole discretion of the Adviser). Additional limitations are placed on initial public offerings, private placements and investment opportunities of limited availability, excessive trading and short-term trading. The Adviser's personal account trading policies and procedures also extend to employees' spouses, minor children, any individuals residing in the same household and over whose purchases, sales or other trading activities the employee exercises control or investment decision, persons to whom the employee provides financial support and either whose financial affairs the employee controls or for whom the employee provides discretionary advisory services, any trust or other arrangement which names the employee as a beneficiary, and any partnership, corporation, or other entity in which the employee is a director, officer or general partner or in which the employee has a 25% or greater beneficial interest or in which the employee owns a controlling interest or exercises effective control. The Adviser's compliance personnel monitor and enforce these policies through receipt of pre-clearance requests, trade confirmations, monthly and quarterly statements received from brokers and internal reporting obligations of all employees.

Item 12. Brokerage Practices

The Adviser is authorized to determine the broker or dealer to be used for each securities transaction for the Direct Investment Funds and ZLP Domestic Investments Fund (to the extent that the Adviser invests directly in securities on behalf of ZLP Domestic Investments Fund). The Adviser considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. In determining best execution, an investment manager may take into account the full range and quality of a broker's services that benefit an account under management such as brokerage, research and other services. In selecting the counterparties to execute a particular transaction, the Adviser uses its best judgment in evaluating the terms of the transaction, and gives consideration to various relevant factors, which generally will include financial stability, credit-worthiness, and general reputation of the broker, actual executed price of the security and the broker's commission rates, research (including economic forecasts, investment strategy advice, fundamental and technical advice on individual securities, valuation advice and market analysis), custodial and other services provided by such brokers and/or dealers that are expected to enhance the Adviser's general portfolio management capabilities, size and type of the transaction, difficulty of execution and the ability to handle difficult trades, operational facilities of the brokers and/or dealers involved including back office efficiency, ability to handle a block order for securities and distribution capabilities, clearing broker's responsiveness to the Adviser and the Adviser's ability to negotiate standard agreement terms that adequately protect the Funds. Therefore, the Adviser may not necessarily negotiate "execution only" commission rates and may "pay up" for research and other services provided by the broker through the commission rate ("soft dollars"). However, since commission rates are generally negotiable, selecting brokers on the basis of considerations which are not limited to applicable commission rates may result in higher transaction costs than would be otherwise obtainable.

The Compliance Committee will periodically monitor the Adviser's trading to ensure that the Adviser has obtained best execution in accordance with its policies and procedures, and at least annually, selected employees of the Adviser will meet to evaluate systematically the execution performance of its brokers. The review of brokers will consist of various factors, including, as applicable, the factors set forth below, and any other factors that the reviewers think necessary for the Adviser to make a reasonable decision about its best execution determinations: (i) names of brokers reviewed, (ii) average commission rate charged by each broker, (iii) services provided by the broker other than execution, i.e., research or other services used in the management of Funds, (iv) whether the execution and other services provided by the broker were satisfactory, taking into account such factors as the speed of execution, the certainty of execution, and the ability to handle large orders or orders requiring special handling, (v) reason for using that broker (i.e., research, execution only, etc.), (vi) unusual trends, such as higher than usual commission rates or a large volume of business directed to an unknown broker, and (vii) potential conflicts of interest.

Section 28(e) of the United States Securities Exchange Act of 1934, as amended, is a "safe harbor" that permits an investment manager to use Commissions to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. The Adviser will limit the use of Commissions to obtain research and brokerage services to services which constitute research and brokerage within the meaning of Section 28(e). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an investment manager and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to

route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self regulatory organization such as comparison services, electronic confirms or trade affirmations.

In some instances, the Adviser may receive a product or service that may be used only partially for functions within Section 28(e) (e.g. an order management system, trade analytical software or proxy services). In such instances, the Adviser will make a good faith effort to determine the relative proportion of the product or service used to assist the Adviser in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e).

The Chief Compliance Officer, in consultation with the Compliance Committee and legal counsel, as necessary, will determine whether a service may be paid with soft dollars. The Chief Compliance Officer, along with other members of the Compliance Committee, will consult with the head trader regarding the capabilities of relevant brokers..

The use of client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, the Adviser will not have to pay for the products and services itself. This creates an incentive for the Adviser to select or recommend a broker-dealer based on its interest in receiving those products and services.

Research and brokerage services obtained by the use of Commissions arising from the Funds' portfolio transactions may be used by the Adviser in its other investment activities and thus, the relevant Fund may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research or brokerage services provided. The Adviser does not allocate soft dollar benefits to Funds proportionately to the soft dollar credits the accounts generate.

Although the Adviser will make a good faith determination that the amount of Commission rates paid is reasonable in light of the products or services provided by a broker, Commissions are generally negotiable and thus, selecting brokers on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than would otherwise be obtainable. The receipt of such products or services and the determination of the appropriate allocation in the case of "mixed use" products or services creates a potential conflict of interest between the Adviser and its Funds and investors.

The Adviser may place transactions with a broker or dealer that (i) provides the Adviser (or an affiliate) with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers investors to the Funds, if otherwise consistent with seeking best execution; provided the Adviser is not selecting the broker-dealer in recognition of the opportunity to participate in such capital introduction events or the referral of investors.

The Adviser has complete discretion in deciding what brokers and dealers the Funds will use and in negotiating the rates of compensation the Funds will pay and does not permit clients to direct brokerage. However, the Adviser has no control in deciding what brokers and dealers the Money Managers will use and in negotiating the rates of compensation the Underlying Funds, and ultimately ZLP Domestic Investments Fund's investors (indirectly through their investment in ZLP Domestic Investments Fund), will pay. It is expected that the Money Managers will allocate brokerage business on the basis of best available execution and generally in consideration of such brokers' provision of brokerage and research services.

If the Adviser determines to buy or sell the same security, including interests in a private investment vehicle, on behalf of more than one Fund, it may, but shall be under no obligation to, aggregate, to the extent permitted by applicable law and regulations, Fund orders to achieve more efficient execution or to provide for fair treatment among the Funds. The Adviser will generally follow the guidelines set forth

below in aggregating Fund orders for securities, including any orders placed for private investment vehicles:

- (1) No Fund will be favored over any other Fund.
- (2) Each Fund that participates in an aggregated order will participate at the average share price for all of the Adviser's transactions in that security on a given business day and transaction costs will be shared pro-rata based on each Fund's participation in the transaction.

Item 13. Review of Accounts

Each Fund is reviewed by Mr. Zimmer and Mr. Lucas, the Managing Members, and other trading, operational, risk, legal and compliance personnel of the Adviser, on a continuing basis to determine whether securities positions should be maintained in view of current market and other relevant conditions as well as with respect to various operational, fund administration, and legal and regulatory matters (by trading, operational, fund administration, and legal and compliance staff). Matters reviewed include specific securities held, adherence to any investment guidelines, the performance of each Fund and significant market, economic, regulatory and political events. Further, John Lee, in his capacity as Chief Compliance Officer, and other members of the Compliance Committee periodically review the Adviser's trading to ensure consistency with applicable law and regulations.

Investors in the Funds receive written reports pursuant to the terms of each Fund's offering memorandum. Generally, investors will receive the following written reports: (i) audited annual financial statements, (ii) quarterly investor letters, (iii) monthly risk reports and (iv) monthly account statements. In addition, investors receive written monthly risk reports from the Funds' administrator. Delivery of ZLP Domestic Investments Fund's audited annual financial statements may be delayed as a result of any delay in the delivery of an Underlying Fund's annual financial statements.

Item 14. Client Referrals and Other Compensation

Please see Item 12 for a discussion of the Adviser's policy regarding the use of soft dollars and the related receipt of economic benefits from non-clients for providing services to clients.

This Item is inapplicable.

Item 16. Investment Discretion

The Adviser provides investment advisory services on a discretionary basis to the Funds. As explained in Item 4, individual investors in the Funds do not have the ability to impose limitations on the Adviser's discretionary authority.

Prior to assuming generally full discretion in managing a Fund's assets, the Adviser enters into an investment management agreement or other agreement that sets forth the scope of the Adviser's discretion. The Adviser has the authority to determine (i) the securities to be purchased and sold for the Fund (subject to restrictions, if any, on its activities set forth in the applicable investment management agreement) and (ii) the amount of securities to be purchased or sold for the Fund. It is the Adviser's general policy that no Fund for whom the Adviser has investment decision responsibility shall receive inappropriate preferential treatment over any other Fund and that all Funds should be treated fairly. While the Adviser's investment personnel work closely together and benefit from the Adviser's expertise, analysis, research and investment ideas, each Fund is a discreet pool of assets managed on an independent basis. Allocation ratios among Funds are generally determined in advance and reviewed by the Chief Compliance Officer and communicated to trade authorized personnel and operations personnel. Because of the differences in the Funds' investment objectives, strategies, risk tolerances, tax status, domicile and other criteria, there may however be exceptions to the general trade allocation policy.

To the extent the Adviser has discretion to vote the proxies of its Funds, it will vote those proxies in the best interest of the Funds and in accordance with the following policies and procedures:

Proxy Voting Procedures

All proxies received by the Adviser will be sent to the Chief Compliance Officer. The Chief Compliance Officer will:

- (i) Keep a written record of each proxy the Adviser (on behalf of the Funds) has received.
- (ii) Determine which Fund(s) managed by the Adviser hold the security to which the proxy relates.
- (iii) Forward the proxy to the Managing Members or other person who makes the voting decision (the "Proxy Decision Maker").
- (iv) Provide the Proxy Decision Maker with a list of Funds that hold the security, together with the number of votes each Fund controls and the date by which the Adviser must vote the proxy in order to allow enough time for the completed proxy to be returned to the issuer prior to the vote taking place.
- (v) Absent material conflicts, the Proxy Decision Maker will determine how to vote the proxy in accordance with the guidelines set forth below. The Proxy Decision Maker will send its decision to the Chief Compliance Officer who will in turn direct the Adviser's back office to deliver the proxy in a timely and appropriate manner.
- (vi) The Adviser may retain a third party to assist it in coordinating and voting proxies with respect to client securities. If so, the Compliance Committee will monitor the third party to assure that all proxies are being properly voted and appropriate records are being retained.

Voting Guidelines

In the absence of specific voting guidelines from the Fund, the Adviser will vote proxies, or in certain circumstances, abstain from voting, in the best interests of each particular Fund, which may result in different voting results for proxies for the same issuer. Although voting certain proxies may be subject to the discretion of the Adviser, the Adviser believes that voting proxies in accordance with the following general guidelines is in the best interests of the Funds:

- (i) The Adviser will generally vote in favor of routine corporate housekeeping proposals, including, but not limited to, election of directors (where there are no related corporate governance issues), the selection or reappointment of auditors, and increases in or reclassification of common stock.
- (ii) The Adviser will generally vote against proposals that make it more difficult to replace members of the issuer's board of directors or board of managers, including proposals to stagger the board, cause management to be overrepresented on the board, introduce cumulative voting, introduce unequal voting rights and create supermajority voting.
- (iii) The Adviser will generally vote against proposals that make it more difficult for an issuer to be taken over by outsiders, and in favor of proposals to do the opposite.

- (iv) The Adviser will generally vote in favor of proposals by management or shareholders concerning various compensation and stock option plans that will act to make management and employee compensation more dependent on long-term stock price performance.
- (v) The Adviser will generally vote against proposals to move the company to another state less favorable to shareholders' interests, or to restructure classes of stock in such a way as to benefit one class of shareholders at the expense of another, such as dual classes (A and B shares) of stock.

Conflicts of Interest

Prior to voting any proxies, the Proxy Decision Maker will determine if there are any conflicts of interest related to the proxy in question. This examination will include a review of the relationship of the Adviser and its affiliates with the issuer of each security and any of the issuer's affiliates to determine if the issuer is a client of the Adviser, an affiliate of the Adviser, or has some other relationship with the Adviser or a Fund. If a conflict is identified, the Chief Compliance Officer will then make a determination (which may be in consultation with outside legal counsel) as to whether the conflict is material or not.

If a material conflict exists, the Adviser will determine whether voting in accordance with the voting guidelines and factors described above is in the best interests of the Fund(s). With respect to material conflicts, the Adviser will determine whether it is appropriate to disclose the conflict to the Fund(s).

The Funds are generally not permitted to direct their votes in a particular solicitation.

Clients may obtain a copy of the Adviser's proxy voting policies and procedures and information about how the Adviser voted a Fund's proxies by contacting John Lee, Chief Compliance Officer, by telephone at (212) 509-1600.

If you have any questions about the Adviser's proxy policy or its proxy record-keeping procedures, contact the Chief Compliance Officer, John Lee, at (212) 509-1600.

Item 18. Financial Information

This Item is not applicable.