

Part 2A of Form ADV: Firm Brochure

Item 1 Cover Page

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This brochure provides information about the qualifications and business practices of Intercontinental Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at (617) 208-2544. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

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

Registration with the SEC does not imply a certain level of skill or training.

Item 2 Material Changes

Not applicable.

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Item 4 Advisory Business

- A. Intercontinental Capital Management, LLC ("ICM") is a Delaware limited liability company which was established in May, 2007. The principal owners of ICM are Leon Palandjian and Peter Palandjian.
- B. ICM provides discretionary investment advice to private investment funds (the "Funds"). The Funds invest in a portfolio of underlying pooled investment funds (the "Underlying Funds") selected by ICM. The investments made by the Underlying Funds are determined by each such Underlying Fund's money manager (the "Underlying Managers"). The Underlying Funds are commonly referred to as hedge funds and such investment by the Funds in the Underlying Funds is generally known as a hedge fund-of-funds strategy. While the primary investments selected by ICM are Underlying Funds, ICM may cause the Funds to invest in separate accounts or other investment vehicles.

- C. The Funds managed by ICM have specific investment objectives which are further described in the Funds' limited liability company agreements and private placement memorandums and ICM tailors the investments of the Funds to such objectives. The investors in the Funds generally may not place any limits on ICM's authority beyond the limitations set forth in the governing documents of the Funds.
- D. *Not applicable.*
- E. As of December 31, 2011, ICM manages approximately \$49,311,480.00 on a discretionary basis. ICM does not manage any assets on a non-discretionary basis.

Item 5 Fees and Compensation

- A. The fees and compensation to ICM are described in the advisory contracts with the investors in the Funds. All investors in the Funds are "qualified purchasers," as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended (the "1940 Act").

ICM typically receives compensation from each of its clients based both on a percentage of assets ICM manages and on a percentage of the performance achieved for the client. Generally, each year, ICM charges each client a management fee of 1% of its assets that ICM manages, and each client is subject to performance-based compensation equal to 10% of its net profits, subject to certain limitations as described below.

ICM's management fees and performance-based compensation are usually not negotiable. ICM (either directly or through one of its affiliates which is the general partner or the investment manager of the Funds) generally does have the discretion to negotiate the asset-based fee and/or performance-based compensation, but typically only exercises this discretion in limited circumstances. ICM and its affiliated entities that serve as general partner or investment manager to the Funds do not pay asset-based fees or performance-based compensation with respect to their investments.

ICM's performance-based compensation is typically structured as a profit-sharing allocation through a general partner interest held by one of its affiliates.

- B. ICM deducts management fees from each investor's account quarterly in advance. In addition, ICM or its affiliates may receive performance-based fees or allocations which, in such event, are debited from investor accounts on an annual basis in arrears and upon redemptions by investors in the Funds.
- C. The Funds generally bear (i) all expenses associated with the organization and ongoing administration of such private investment funds, including legal and accounting fees, printing and mailing expenses and government filing fees, (ii) all expenses incurred in connection with communications with investors and the ongoing offer and sale of interests in the Funds, (iii) all third party administration, accounting, tax preparation, audit, bookkeeping, governmental fees and taxes and legal and

compliance fees and expenses of, or relating to, the Funds, (iv) all expenses incurred for the benefit of the Funds related to the maintenance and procurement of information technology and data related services, systems and equipment, valuation services, insurance, and (v) all direct and incidental expenses relating to research and due diligence of existing and potential investments (including, without limitation, the use of consultants and attorneys) and research materials purchased or subscribed for by ICM.

In addition to the fees and expenses mentioned above, investors will incur a pro-rata portion of the expenses of each Underlying Fund, including the management and incentive fees, if any, payable to the Underlying Managers and their affiliates.

D. ICM deducts management fees from investor accounts quarterly in advance. Generally, the management fees are not refundable in the event that the advisory contract is cancelled prior to the end of a quarter.

E. *Not applicable.*

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

ICM or its affiliates has the opportunity to receive a performance-based fee or allocation from the Funds. Any such performance based fee or allocation is based on a percentage of the capital appreciation of investor assets. Such fees are summarized in the offering documents related to the Funds.

As the performance-based fees and allocations made to ICM and its affiliates are based directly on the net asset value of the investor accounts, ICM may have a conflict of interest in valuing the assets held in the accounts. In order to avoid and mitigate any such conflict, ICM has adopted and rigorously adheres to a conflicts of interest policy and a valuation policy. Compliance with ICM's policies and procedures related to conflicts of interest are monitored by ICM's Chief Compliance Officer.

Item 7 Types of Clients

ICM primarily provides investment advice to clients who are private investment funds, or "The Funds." Investors in the Funds are generally investors who qualify as "qualified purchasers" under the 1940 Act. The minimum investment in the Funds is generally \$2 million.

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

A. Methods of Analysis and Investment Strategies

ICM allocates the Funds' capital to Underlying Funds managed by the Underlying Managers in what is generally regarded as a hedge fund-of-funds strategy. ICM seeks to construct the Funds' portfolios by selecting Underlying Managers who deploy diverse strategies with relatively low correlation relative to one another and to the broad markets. In selecting Underlying Managers, ICM uses fundamental analysis and quantitative

methods to evaluate a number of factors, including but not limited to: investment experience; track record of achieving risk-adjusted returns; coherent investment philosophy, strategy and process with attention to risk management; expertise in specific sectors or capital market niches; focus on generating value at the level of individual securities; approach to firm management and operations; and personal investment by principals of the Underlying Manager. ICM's process favors selection of Underlying Managers who are investors with differentiated expertise in using fundamental analysis to generate alpha at the level of individual, mispriced securities. ICM frequently conducts independent fundamental analysis on the largest holdings of Underlying Managers and factors this research into portfolio management and capital allocation decisions.

B. *Certain Risks Associated with ICM's Methods of Analysis and Investment Strategies*

Investing in securities involves a substantial degree of risk. The investments of the Funds may lose all or a substantial portion of their value, and investors in the Funds must be prepared to bear the risk of loss of their investments therein.

The section below provides a simplified summary of various risks involved in an investment in the Funds advised by ICM and does not purport to be a complete list or explanation of such risks. For a complete explanation of all relevant investment strategies and their associated risks, investors should also review the Funds' offering documents, which may contain explanations of additional strategies and corresponding risks not discussed below.

Special Risks of Investing with Underlying Managers. Identifying the appropriate Underlying Managers is difficult and involves a high degree of uncertainty. In addition, certain of the investment vehicles of certain Underlying Managers, from time to time, are oversubscribed or closed, and it may not be possible to make investments that have been identified as attractive opportunities.

The overall success of the Funds depends on, among other things, (i) the ability of ICM to develop a successful asset allocation strategy, (ii) the ability of ICM to select Underlying Managers and to effectively allocate the assets amongst them, and (iii) the ability of the Underlying Managers to be successful in their strategies. The past performance of such strategies is not necessarily indicative of their future profitability. No assurance can be given that the strategy or strategies utilized by a given Underlying Manager will be successful under all or any future market conditions. There can be no guarantee of future performance and there is no assurance that the Funds or any Underlying Manager will be able to achieve their investment objectives or be profitable.

The Underlying Funds generally are not registered as investment companies under the 1940 Act and, therefore, ICM will not be able to avail itself of the protections of the 1940 Act with respect to such Underlying Funds, including certain corporate governance protections, such as the requirement of having a substantial number of independent board members, and statutory protections against self-dealing by the Underlying Managers. Although ICM receives detailed information from each Underlying Manager regarding its historical performance and investment strategy, in most cases ICM has little or no means

of independently verifying this information. An Underlying Manager may use proprietary investment strategies that are not fully disclosed to ICM, which may involve risks under some market conditions that are not anticipated by ICM. The investment strategies and styles used by Underlying Managers are subject to change without notice. For information about the net asset value ("NAV") and portfolio composition of an Underlying Fund, ICM is dependent on information provided by the Underlying Manager, which if inaccurate could adversely affect ICM's ability to manage the Funds' investment portfolios in accordance with its investment objectives and to value accurately the Funds' interests. Investors in the Funds have no individual right to receive information about the Underlying Managers or their Underlying Funds, are not investors in the Underlying Funds and have no rights with respect to or standing or recourse against the Underlying Funds, Underlying Managers or any of their affiliates.

By investing in Underlying Funds indirectly through the Funds, the Investor bears two layers of fees: (1) asset-based fees and possible incentive-based allocations directly at the level of the Funds, and (2) asset-based fees and possible incentive-based allocations indirectly at the level of the Underlying Funds. In addition, Investors bear a proportionate share of the fees and expenses of the Fund (including operating costs and administrative fees) and, indirectly, similar expenses of the Underlying Funds.

Each Underlying Fund may be permitted to redeem its securities in-kind. Thus, upon the Funds' withdrawal of all or a portion of its interest in an Underlying Fund, the Funds may receive securities that are illiquid or difficult to value. In such circumstances, ICM would seek to dispose of these securities in a manner that is in the best interests of the Funds.

Like an investment in the Funds, investments in the Underlying Funds may be illiquid. The governing instruments of each Underlying Fund often have provisions similar to those of the Funds restricting both the transferability of an investor's interest and the ability of any investor to withdraw its investment in certain circumstances. Moreover, timing and frequency of withdrawals, as well as notice periods, may vary significantly among the Underlying Funds and will not necessarily match the withdrawal timing, frequency and notice periods of the Funds. As a result, the liquidity of the Funds' interests may be adversely affected. In addition, some Underlying Funds that invest a high percentage of their assets in illiquid investments may experience difficulty in meeting redemption requests in cash and may not be able to redeem those investments in kind because of restrictions on transfer. In such circumstances, the Funds' ability to provide liquidity to investors could be adversely affected.

Dependence on Underlying Managers. The Funds' performance is highly dependent upon the expertise and abilities of the Underlying Managers with which it invests. Such Underlying Managers have investment discretion over the Funds' assets and, therefore, the death, incapacity or retirement of any such Underlying Managers or his or her principals may adversely affect investment results of the Funds. The Funds may also be negatively affected by adverse price movements of significant positions held by one or more of the Underlying Funds.

Inexperienced Underlying Managers. Although ICM selects Underlying Funds with Underlying Managers who, in the opinion of ICM, have impressive investment backgrounds and show substantial performance potential, some of the Underlying Managers may not have extensive track records in hedge fund management. This inexperience presents particular challenges such as managing employees, balance sheets, service providers and investors. While ICM's due diligence process is extensive and designed to prevent capital loss, due to the early life-cycle of many of the Underlying Funds in the portfolio, a given Underlying Fund may experience significant loss as a result of declines in an economic sector, industry group, stock market or for portfolio infrastructure failure.

Due Diligence Considerations. ICM conducts due diligence to select Underlying Managers with which to invest the Funds' assets. However, due diligence is not foolproof and may not uncover problems associated with a particular Underlying Manager. For example, one or more of the Underlying Managers or Underlying Funds may engage in improper or fraudulent conduct, including unauthorized changes in investment strategy and misappropriation of assets, which may be harmful to the Funds. ICM may rely upon representations made by Underlying Managers, accountants, attorneys, prime brokers and/or other investment professionals. If any such representations are misleading, incomplete or false, this may result in the selection of an Underlying Manager which might have otherwise been eliminated from consideration had fully accurate and complete information been made available to ICM. However, even exhaustive due diligence may not protect against subsequent fraud by an agent of an Underlying Manager.

While the Underlying Funds may be subject to certain investment restrictions, there can be no assurance that the Underlying Managers will comply with such restrictions. Moreover, the Funds rely upon the valuations provided by such Underlying Managers. If an Underlying Manager deviates from an investment restriction, or provides incorrect valuations, the Underlying Fund and the Funds could be adversely affected.

ICM may request to obtain detailed information on the overall portfolio characteristics and holdings of the Underlying Managers as a part of its due diligence process or risk management program. The Underlying Managers may not always provide such detailed information because certain of this information may be considered proprietary or for any other reason in the discretion of the Underlying Manager. Accordingly, there may be significant limitations on the transparency of information relating to the portfolios of Underlying Managers available to ICM.

Highly Volatile Markets. The prices of financial instruments in which the Funds and the Underlying Managers invest can be highly volatile. Price movements of equity and other securities and instruments in which the Funds' assets are invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of government, and national and international political and economic events and policies. The Funds are also subject to the risk of failure of any of the exchanges on which its positions trade or the failure of the clearinghouses.

Investment Concentration. At times, a substantial portion of the Funds' assets may be invested in the securities of a limited number of issuers or Underlying Managers. Investing a significant portion of the Funds' assets in a limited number of issuers or Underlying Managers will make the Funds susceptible to a greater degree of risk affecting investments in such issuer or industry than would otherwise be the case. Such concentration of investments will increase the volatility of the value of the Funds' portfolio investments.

Small- and Mid-Capitalization Issuers. Investing in the securities of companies with small- or mid-capitalization can involve greater risk and the possibility of greater portfolio price volatility than is typically associated with equity investments in larger, more established issuers. Historically, stocks of small- or mid-capitalization companies and recently organized companies have been more volatile in price than those of the larger market capitalization companies. Among the reasons for greater price volatility of the stocks of these smaller or medium-sized companies is the lower degree of liquidity in the markets for such stocks. Further, smaller or medium-sized companies and unseasoned companies may have limited product lines, markets or financial resources, and they may depend upon a limited or less experienced management group. The securities of small capitalization companies may be traded only on the over-the-counter markets or on a regional securities exchange and may not be traded daily or in the volume typical of trading on a national securities exchange.

PIPES. To the extent the Underlying Managers invest in private placements of public securities (commonly known as "PIPES"), these securities are illiquid until they are publicly registered by the issuing company. There can be no assurance that the issuing company will register these securities in a timely manner, or at all. If these securities are not registered, it may take the Underlying Manager (and thus the Funds) longer to be able to liquidate these positions (if they can be liquidated) than would be the case for registered securities of the same company. Even if the Underlying Manager is able to liquidate these securities, the prices realized on the resale of these illiquid securities may be substantially less than the price of the company's registered securities listed on an exchange or quotation system.

Leverage. As described below, the Funds may incur direct leverage, as well as indirect leverage by investing in Underlying Funds that also incur leverage as part of their investment strategies.

By the Partnership. The Funds may incur direct indebtedness to satisfy short-term liquidity needs, as well as to leverage the Funds' portfolio. Leverage may include borrowing and also the use of margin. There can be no assurance that the Funds will be able to maintain adequate financing arrangements under all market circumstances.

By the Underlying Funds. The Underlying Funds may borrow funds from brokerage firms and banks. Other borrowings take the form of, or are embedded in, margined option premiums, repurchase agreements, bank or dealer credit lines or the notional principal amounts of swap transactions.

Certain Risks of Leverage. The anticipated use of borrowings by the Funds and the Underlying Funds results in certain additional risks to the Funds. Borrowing for leveraging creates an opportunity for increased net income or capital appreciation but, at the same time, creates special risk considerations. Leveraging generally will exaggerate the effect on the Underlying Funds' or the Funds' NAV of any increase or decrease in the market value of underlying investments (in the case of the Underlying Funds) or NAVs of Underlying Funds (in the case of the Funds). Although the principal of borrowings underlying any leverage will be fixed, the Underlying Funds' or the Funds' assets may change in value during the time the borrowing is outstanding. Because any decline in value of the Underlying Funds or the Funds will be borne entirely by the Funds (and not by those persons providing the leverage), the effect of leverage in a declining market would be a greater decrease in the value of the Underlying Funds' and the Funds' portfolio than if they were not so leveraged. The cumulative effect of the use of leverage by Underlying Funds and/or the Funds in a market that moves adversely to the investments of the entity employing the leverage will result in compound losses that may be substantially greater than if leverage were not employed by such Underlying Funds or the Funds. In addition, leveraging will create interest expenses, which will increase the direct and indirect operating expenses of the Funds and can exceed the investment return from the borrowed funds.

As a general matter, the banks and dealers that provide financing to the Funds can apply discretionary margin, haircut, financing and valuation policies, or impose other credit limitations or restrictions, whether due to market circumstances or governmental, regulatory or judicial action. Such application or losses may result in large margin calls, loss of financing, forced liquidations of positions at disadvantageous prices, termination of swap and repurchase agreements and cross-defaults to agreements with other dealers. Any such adverse effects may be exacerbated in the event that such limitations or restrictions are imposed suddenly and/or by multiple market participants simultaneously. The imposition of any such limitations or restrictions could compel one or more Underlying Funds or the Funds to liquidate all or part of its portfolio at disadvantageous prices, perhaps leading to a loss of equity.

Risks Associated with Short Positions. The Underlying Managers with which the Funds invest may engage in short sales of securities. Short selling occurs when the Underlying Manager borrows securities, promising to buy them at a later date. If the price drops, the Underlying Manager can buy the securities at the lower price and make a profit on the difference. If the price of the securities rises, the Underlying Manager has to buy them back at the higher price, and the investment loses money. Buying the securities can itself cause the price of the securities to rise further which would make worse the potential for loss.

Regulatory authorities in several jurisdictions have adopted bans on short sales of certain securities in response to recent market events. As of the date of this brochure, such bans have expired. However, the SEC and other authorities may adopt further bans on short sales of certain securities in the future. Bans on short selling may make it impossible for the Funds' Underlying Managers to execute certain investment strategies and may have a

material adverse effect on the ability of the Funds and Underlying Funds to achieve their investment objective.

Investments in Non-U.S. Issuers. The Underlying Managers with which the Funds invest may invest their assets in securities related to foreign issuers. Investments in foreign securities are affected by risk factors generally not thought to be present in the United States. These risks may be increased to the extent that the Underlying Managers invest in issuers in emerging markets. Such factors include, but are not limited to, the following: currency exchange fluctuations; varying custody, brokerage and settlement practices; difficulty in valuation and pricing; less public information about issuers of foreign securities; less governmental regulation and supervision over the issuance and trading of securities; the unavailability of financial information regarding the foreign issuer or the difficulty of interpreting financial information prepared under foreign accounting standards; less liquidity and more volatility in foreign security markets; the possibility of expropriation or nationalization; the imposition of withholding and other taxes; adverse political, social or diplomatic developments; limitations on the movement of funds or other assets of the Underlying Managers between different countries; difficulties in invoking the legal process outside of the U.S. and enforcing contractual obligations; and the difficulty of assessing economic trends in foreign countries. Moreover, governmental issuers of foreign securities or other instruments may be unwilling to repay principal and interest due, and may require that the conditions for payment be renegotiated. Investment in foreign countries also involves higher brokerage and custodian expenses than does investment in U.S. securities traded on a U.S. securities exchange or market.

Emerging Markets. The Underlying Managers with which the Funds invest may invest in emerging market securities. Investing in emerging market securities involves certain risks and special considerations not typically associated with investing in other more established economies or securities markets. Such risks may include (a) less liquidity of securities markets; (b) currency exchange rate fluctuations; (c) potentially higher rates of inflation (including hyper-inflation); (d) a higher degree of governmental involvement in and control over the economies; (e) differences in auditing and financial reporting standards which may result in the unavailability of material information about economics and issuers; (f) less extensive regulatory oversight of securities markets; (g) longer settlement periods for securities transactions; (h) less stringent laws regarding the fiduciary duties of officers and directors and protection of investors; and (i) certain consequences regarding the maintenance of portfolio securities and cash with sub-custodians and securities depositories in emerging market countries.

Forward Trading. The Underlying Managers in which the Funds invest may invest in forward contracts and options, which, unlike futures contracts, are not traded on exchanges and are not standardized. Banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements, and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of

significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded in by the Underlying Managers due to unusually high trading volume, political intervention or other factors. The imposition of controls by government authorities might also limit such forward (and futures) trading to less than that which the Underlying Manager would otherwise recommend, to the possible detriment of the Funds. Market illiquidity or disruption could result in major losses to the Funds to the extent the Underlying Managers invest in forward contracts.

Risks of Derivatives. The Underlying Managers with which the Funds invest may, but are not required to, utilize various investment strategies to seek to hedge market risks (such as broad or specific equity market or stock movements, interest rate movements or currency exchange rate movements) or to enhance potential gain.

In the course of pursuing their investment objectives, the Underlying Managers may purchase and sell (write) exchange-listed and over-the-counter covered and uncovered put and call options on securities, indices and other financial instruments; enter into swap transactions; and purchase or sell instruments that incorporate the characteristics of the foregoing instruments and other esoteric and non-esoteric instruments that may be developed in the future (collectively, all the above are called "Derivatives"). Derivatives may be used to seek to protect against possible changes in the market value of securities held by or to be purchased for an Underlying Manager's portfolio, resulting from securities markets, interest rate or currency exchange rate fluctuations; to seek to protect the Underlying Manager's unrealized gains in the value of portfolio securities; to facilitate the sale of such securities for investment purposes; or to establish a position in the derivatives markets as a temporary substitute for purchasing or selling particular securities. Derivatives may also be used for non-hedging purposes to seek financial gain.

The Underlying Managers' ability to utilize Derivatives successfully will depend on the Underlying Managers' ability to predict pertinent market, interest rate and currency exchange rate movements, which cannot be assured.

Derivatives involve a number of risks including possible default by the other party to the transaction, illiquidity and, to the extent an Underlying Manager's view of certain market, interest rate or currency exchange rate movements is incorrect, the risk that the use of such Derivatives could result in losses greater than if they had not been used. The writing of put and call options may result in losses to the Funds, force the purchase or sale, respectively, of portfolio securities at inopportune times or for prices higher than (in the case of purchases due to the exercise of put options) or lower than (in the case of sales due to the exercise of call options) current market values, limit the amount of appreciation the Funds can realize on its investments or cause the Funds to hold a security it might otherwise sell or sell a security it might otherwise hold.

The seller (writer) of a call option that is covered (*e.g.*, the writer holds the underlying security) gives up the opportunity during the period of the call option for gain on the

underlying security above the exercise price of the call option. The writer of a call option that is uncovered assumes the risk of a theoretically unlimited increase in the price of the security that could result in an inability to discharge its obligation upon exercise of the option or a theoretically unlimited loss. The buyer of a call option assumes the risk of losing its investment in the call option.

The seller (writer) of a put option that is covered (e.g., the writer has placed cash or liquid securities in a segregated account to fulfill the obligation undertaken) assumes the risk during the term of the put option of a decline in the market price of the underlying security below the exercise price of the put option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is "fully hedged" if the option owned expires at the same time or later than the option written. The writer of an uncovered put option will, upon exercise, be required to buy the security at the option price, which may be significantly higher than the then current market price. The buyer of a put option assumes the risk of losing his investment in the put option.

The use of futures and options on futures entails certain other risks. Futures markets are highly volatile, and the use of futures may increase the volatility of the value of an Underlying Manager's portfolio investments. In particular, the variable degree of correlation between price movements of futures contracts and price movements in the related portfolio positions of an Underlying Manager creates the possibility that losses on the derivative instrument may be greater than gains in the value of the Funds' positions. The writing of options could significantly increase the Funds' portfolio turnover rate and associated brokerage commissions or spreads. In addition, futures and options markets may not be liquid in all circumstances, and certain over-the-counter options may have no markets. As a result, in certain markets, the Underlying Manager might not be able to close out a transaction without incurring substantial losses. Losses resulting from the use of Derivatives could reduce the value of the Funds' portfolio investments, and the net result may be less favorable than if the Derivatives had not been utilized. Although the use of futures and options transactions for hedging should tend to minimize the risk of loss due to a decline in the value of the position, at the same time, such transactions can limit any potential gain that might result from an increase in value of such position.

Investment in Illiquid Securities. The portfolios of Underlying Managers may include securities that are not actively or widely traded, are not registered under the applicable securities laws, or are restricted from resale. Such investments may be or may become illiquid and involve a high degree of business and financial risk, which can result in substantial losses. Because of the absence of active or regulated trading markets for these illiquid investments, and because of the difficulties in determining market values accurately, it may take the Underlying Manager longer to be able to liquidate these positions (if they can be liquidated) than would be the case for more liquid securities. The prices realized on the resale of illiquid securities could be less than those originally paid by the Underlying Manager. Further, companies whose securities are not publicly listed may not be subject to public disclosure and other investor protection requirements applicable to issuers of publicly traded securities.

Investment in Private Equity. The Underlying Managers with which the Partnership invests may make private equity investments. These investments may occur as a result of, among other things, direct equity investments and the Underlying Manager's purchase of debt instruments that convert to equity interests in the event of a reorganization of an entity's capital structure. Such investments may involve a high degree of business and financial risk. The entities with which the Underlying Manager invests may be financially distressed or have recently emerged from bankruptcy. Additionally, such entities may require substantial additional capital to support expansion or to achieve or maintain a competitive position, they may produce substantial variations in operating results from period to period and they may operate at a loss. Such risks may adversely affect the performance of such investments and result in substantial losses. In addition, these entities may require government approvals or be subject to licensing procedures in order to operate in their markets. The Underlying Managers could be adversely affected by delays in, or refusals to grant, such approvals or licenses.

General Real Estate Risks. Certain Underlying Managers may invest in various real estate and real-estate related investments. The income and value of real estate assets in which an Underlying Manager holds an interest may be affected by the risks incident to the ownership and operation of commercial real estate and/or risks incident to the making of non-recourse mortgage loans secured by real estate, including (i) the cyclical nature of the real estate market; (ii) the risks associated with both domestic and international general economic climate; (iii) local real estate conditions, including the financial condition of tenants, buyers and sellers of property; (iv) risks due to dependence on cash flow; (v) risks and operating problems arising out of the absence of certain construction materials; (vi) changes in supply of, or demand for, competing properties in an area (as a result, for instance, of over-building); (vii) changes in the availability of debt financing; (viii) increases in interest rates, real estate tax rates, energy prices, and other operating expenses; (ix) changes in environmental laws and regulations, zoning laws and other governmental rules and fiscal policies; (x) changes in the relative popularity of properties; (xi) risks and clean up costs and other liabilities associated with hazardous or toxic substances or petroleum product releases; (xii) risks of owning properties through joint ventures or partnerships which may render an Underlying Manager unable to exercise its sole decision-making authority; and (xiii) acts of God, terrorist acts, uninsurable losses, losses which cannot be insured economically, and other factors which are beyond the control of the Underlying Manager.

With respect to investments in the form of real property made indirectly (through an Underlying Manager), the Funds are dependent on the ability of Underlying Managers and other third parties to successfully operate the underlying real estate assets. Underlying Managers that invest in real estate directly incur the burdens of ownership of real property, which include the paying of expenses and taxes, maintaining such property and any improvements thereon, and ultimately disposing of such property. In addition, real estate investments are relatively illiquid.

Other Real Estate-Related Securities. An Underlying Manager may invest in mortgage-backed securities ("MBS"). Most commercial mortgage loans underlying MBS are effectively non-recourse obligations of the borrower, meaning that there is no

recourse against the borrower's assets other than collateral. If borrowers are not able or willing to refinance or dispose of encumbered property to pay the principal and interest owed on such mortgage loans, payments on the subordinated classes of the related MBS are likely to be adversely affected. The ultimate extent of the loss, if any, to the subordinated classes of MBS may only be determined after a negotiated discounted settlement, restructuring or sale of the mortgage note, or the foreclosure (or deed in lieu of foreclosure) of the mortgage encumbering the property and subsequent liquidation of the property.

The Underlying Managers may invest in residential mortgage-backed securities ("RMBS"). RMBS represent interest in pools of residential mortgage loans secured by one-to four-family residential mortgage loans. Such loans may be prepaid at any time. Residential mortgage loans are obligations of the borrowers and are often not insured or guaranteed by any other person or entity.

Holders of RMBS bear various risks, including the risks generally associated with MBS and direct investments in real estate. The rate of defaults and losses on residential mortgage loans will be affected by a number of factors, including general economic conditions and those in the area where the related mortgaged property is located, the borrower's equity in the mortgaged property and the financial circumstances of the borrower. If a residential mortgage loan is in default, foreclosure of such residential mortgage loan may be a lengthy and difficult process, and may involve significant expenses. Furthermore, the market for defaulted residential mortgage loans or foreclosed properties may be very limited.

At any one time, a portfolio of RMBS may be backed by residential mortgage loans with disproportionately large aggregate principal amounts secured by properties in only a few states or regions. As a result, the residential mortgage loans may be more susceptible to geographic risks relating to such areas, such as adverse economic conditions, adverse events affecting industries located in such areas and natural hazards affecting such areas, than would be the case with other MBS.

Although the markets for publicly traded real estate securities, such as securities issued by entities which qualify as "real estate investment trusts" ("REITs"), stocks, and privately traded securities, such as commercial MBS, have expanded rapidly in the recent years, they are still a relatively small segment of the securities markets. An Underlying Manager may find that it is unable to purchase as much of a particular class or type of securities as it might like without increasing the price. Similarly, if the Underlying Manager decides to reduce its exposure to an issuer or type of real estate security, it may not be able to do so promptly and may find that doing so causes a drop in the price.

Traded real estate securities are subject to all of the risks associated with direct investments in real estate, as well as the risks associated with the securities markets generally, such as changes in investor sentiment and global currency movements, which may introduce volatility to an Underlying Manager's (and thus the Funds') portfolio in a manner unrelated to the fundamental characteristics of the underlying real estate.

Investments in REITs are also subject to special risks, including, without limitation: (i) restrictions on ownership (which may prohibit ownership of more than 9.9% of a REIT's share by one investor), which are designed to ensure that the REIT does not violate certain share accumulation restrictions imposed by federal tax laws on REITs and which may also deter possible acquisitions of, or change in control of, a REIT; (ii) many REITs have small-to-medium sized market capitalizations which may be more volatile than prices of large-capitalization securities and an investment in such securities may be less liquid; and (iii) tax risks, including risk of changes in the tax laws.

Asset-Backed Securities and Collateralized Debt Obligations. Asset-backed securities are securities backed by assets including mortgages, other mortgage-related assets, financial products, credit card receivables, automobile, boat and recreational vehicle installment sales contracts, commercial and industrial bank loans, home equity loans and lines of credit, manufactured housing loans, corporate debt securities and various types of accounts receivable. All have debtor and asset specific risks, generally decreased liquidity and more idiosyncratic risks. Asset-backed securities present certain risks that are not presented by mortgage-backed securities. Primarily, asset-backed securities do not have the benefit of the same security interest in the related collateral. The collateral supporting asset-backed securities is of shorter maturity than mortgage loans and is less likely to experience substantial prepayments. The value of an asset-backed security is affected by changes in the market's perception of the asset backing the security and the creditworthiness of the servicing agent for the loan pool, the originator of the loans or the financial institution providing any credit enhancement, as well as by the expiration or removal of any credit enhancement.

Debt Securities. The Underlying Managers may invest in unrated or low-grade debt securities which are subject to greater risk of loss of principal and interest than higher-rated debt securities. The Underlying Managers may invest in debt securities which rank junior to other outstanding securities and are not secured by that issuer's assets. The Underlying Managers may invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. In addition, evaluating credit risk for foreign debt securities involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. The Underlying Managers may also invest in securities which have characteristics and risks different from traditional debt, including asset-backed and mortgage-backed securities.

High-Yield Securities. The Underlying Managers may invest in "high-yield" bonds and preferred securities which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower rating categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower rated securities, the yields and prices of such securities may tend to fluctuate more than those for higher-rated securities. The

market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.

Event Driven Risk. The Underlying Managers may invest in companies involved in (or the target of) acquisition attempts or tender offers or companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. In any investment opportunity involving any such type of business enterprise, there exists the risk that the transaction in which such business enterprise is involved either will be unsuccessful, will take a longer time than expected, or will result in a distribution with less value than the original investment. Similarly, if an anticipated transaction does not in fact occur, the Underlying Manager 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 Underlying Managers may invest, there is a potential risk of loss by an Underlying Fund of its entire investment in such companies.

Merger Arbitrage. The Underlying Managers may employ merger arbitrage strategies which are subject to a variety of significant risks, the most basic such risk being so-called "event risk", *i.e.*, the risk that the transaction in question, whether a merger, acquisition, tender offer, spin-off, restructuring or other corporate event, will simply fail to be consummated as contemplated or will be delayed or modified in a manner detrimental to arbitrageurs in the transaction. Numerous factors, including market or industry developments, economic factors, regulatory clearance requirements and management or workforce issues, can cause an announced transaction to be abandoned, delayed or modified. In addition, "spreads" on some merger opportunities may be initially small or may be impacted in a manner that precludes investment or causes a position to be limited in profitability or become unprofitable. Merger strategies can also be adversely affected by costs of borrowed funds, hedging issues, including the ability or inability to hedge and the attendant costs, and the strength of competing investors in the marketplace.

"Active Investing" Strategies. "Active Investing" strategies may prove ineffective for a variety of reasons, including: (i) opposition of the management or shareholders of the subject company, which may result in litigation; (ii) intervention of a governmental agency; (iii) efforts by the subject company to pursue a "defensive" strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) market conditions resulting in material changes in securities prices; (v) corporate governance mechanisms such as staggered boards, poison pills and classes of stock with increased voting rights; and (vi) the necessity for compliance with any applicable securities laws. In addition, opponents of a proposed corporate governance change may seek to involve regulatory agencies in investigating the transaction or a client and such regulatory agencies may independently investigate the participants in a transaction, including a client, as to compliance with securities or other law. Further, successful execution of active investing strategies may depend on the active cooperation of shareholders and others with an interest in the subject company.

Distressed/Bankruptcy Investing. The Underlying Managers may invest in unrated or “distressed” securities, *i.e.*, securities of companies that are experiencing significant financial or business difficulties, including companies involved in debt restructurings or in bankruptcy or other reorganization and liquidation proceedings. Underlying Managers may also purchase financial instruments of or make direct loans to companies of low credit quality or purchase loans that are in default and may also purchase trade claims of suppliers and others, both within or outside of insolvency or reorganization proceedings. Although such investments may result in significant returns, they typically involve a high degree of risk. Restructurings or reorganizations may fail to be completed or be substantially delayed and expected returns on their securities may never materialize. Nonperforming loans, by their nature, may prove uncollectible or not yield appreciable returns for considerable periods of time.

The level of analytical sophistication, both financial and legal, necessary for successful investment in such companies, loans or claims is unusually high. There is no assurance that Underlying Managers will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or rehabilitation of a distressed issuer or adequate realizations upon such loans and claims. An Underlying Manager’s performance may be substantially impaired by unsuccessful distressed or low credit investments.

Convertible Arbitrage Risk. The Underlying Managers may employ a convertible arbitrage strategy. Convertible arbitrage generally involves acquiring convertible securities and selling short a corresponding amount of the underlying equity security, although this relationship may be reversed. While this investment strategy is considered to be relatively “market neutral,” there are many associated risks that can affect the results of this strategy. Such risks include but are not limited to, the following: (i) dramatically rising interest rates or escalating market volatility may adversely affect the relationship between securities; (ii) convertible securities tend to be significantly less liquid and have wider bid/offer spreads making it more difficult to enter and profitably exit such trades; (iii) convertible arbitrage involves an inherently imperfect and dynamic hedging relationship and must be adjusted from time to time (the failure to make timely or appropriate adjustments may limit profitability or lead to losses); (iv) convertible arbitrage involves selling securities short (see “Risks Associated with Short Positions” above); (v) a material change in the dividend policy of the underlying common equity may adversely affect the prices of the securities involved; (vi); changes in the issuer’s credit rating may adversely affect the prices of the securities involved; and (vii) unexpected merger or other extraordinary transactions affecting the convertible security or common equity may adversely affect the prices of the securities involved.

Capital Structure Arbitrage. Capital structure arbitrage seeks to identify and exploit the relationships between price movements in different securities and instruments within a single issuer’s capital structure (for example, between senior debt and common stock or between subordinated debt and preferred stock). In this scenario, an Underlying Manager buys an issuer’s undervalued security and sells short the same issuer’s overvalued security, or vice versa. The ultimate goal is for the market values of the different

securities to converge, however, if instead they go in opposite directions, the Underlying Manager, and in turn the Funds, may incur substantial losses.

Lending of Portfolio Securities. The Underlying Managers may lend portfolio securities to third parties. By doing so, an Underlying Manager attempts to increase its income through the receipt of interest on the loan. The Funds could experience losses if the institution with which an Underlying Manager has engaged in a portfolio loan transaction breaches its agreement with the Underlying Manager. In the event of the bankruptcy of the other party to the securities loan, the Underlying Manager could experience delays in recovering the loaned securities.

High Portfolio Turnover. The Underlying Managers may actively manage their portfolios. Accordingly, the Funds' portfolio turnover rate and its brokerage commissions, fees and other transaction costs may be higher than that of many other funds. A high turnover rate may also result in the realization of short-term capital gains that generally will be taxable to the Funds' investors that are U.S. taxpayers (unless offset by other capital losses) at the same U.S. tax rate as ordinary income.

Counterparty Risk. Certain markets in which the Underlying Managers may effect transactions are "over-the-counter" or "interdealer" markets, and may also include unregulated private markets. The participants in such markets typically are not subject to the same level of credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes the investor 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 Underlying Manager, and in turn the Funds, to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Underlying Managers have concentrated their transactions with a single or small group of counterparties. The Underlying Funds may also be exposed to similar risks with respect to non-U.S. brokers in jurisdictions where there are delayed settlement periods. The Underlying Managers are not restricted from dealing with any particular counterparty or from concentrating any or all transactions with one counterparty. The ability of the Underlying Managers to transact business with any one of a number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses. Similar risks also arise in connection with derivative instruments and brokerage arrangements that the Underlying Managers may put in place.

The Underlying Managers may only close out "over-the-counter" transactions (including swaps and contracts for differences) with the relevant counterparty, and may only transfer a position with the consent of the particular counterparty. Also, if the counterparty defaults, the Underlying Funds will have contractual remedies pursuant to the agreement related to the transaction, but there is no assurance that contract counterparties will be able to meet their obligations pursuant to such contracts or that, in the event of default, the Underlying Funds will succeed in enforcing contractual remedies. There also may be documentation risk, including the risk that the parties may disagree as to the proper

interpretation of the terms of a contract. If such a dispute occurs, the cost and unpredictability of the legal proceedings required for the Underlying Funds to enforce their contractual rights may lead the Underlying Funds to decide not to pursue their claim against the counterparty. Each Underlying Fund thus assumes the risk that it may be unable to obtain payments owed to it under contracts relating to over-the-counter transactions or that those payments may be delayed or made only after such Underlying Fund has incurred the costs of litigation.

Prime Brokerage Risk. There are risks involved in dealing with the custodians or prime brokers who settle trades. Underlying Managers maintain custody accounts with several prime brokers and custodian banks. While the Underlying Funds monitor exposure to prime brokers and custodians, there is no guarantee that these prime brokers and custodians, or any other prime broker or custodian that the Underlying Managers may use from time to time, will not become 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 failure, insolvency or liquidation of a broker-dealer, there is no certainty that, in the event of a failure of a broker-dealer that has custody of an Underlying Fund's assets, such Underlying Fund would not incur losses due to its assets being unavailable for a period of time, ultimately less than full recovery of its assets, or both.

C. *Not applicable.*

Item 9 Disciplinary Information

Not applicable.

Item 10 Other Financial Industry Activities and Affiliations

A. *Not applicable.*

B. *Not applicable.*

C. ICM is owned and controlled by Leon Palandjian and Peter Palandjian. The General Partner of each of the Funds, Intercontinental GP, LLC, is also owned by Peter Palandjian and Leon Palandjian. Peter Palandjian, Leon Palandjian and members of their respective families have invested in the Funds. ICM does not believe there to be a material conflict of interest resulting from such relationship and believes that the interests of ICM, Intercontinental GP, LLC, Leon Palandjian and Peter Palandjian are aligned.

Peter Palandjian is the principal owner of Intercontinental Real Estate Corporation ("IREC"), a Massachusetts corporation, which is a federally registered investment advisor. IREC serves as an investment adviser to certain pooled investment vehicles which invest in real estate and real estate related securities. Peter Palandjian's professional commitment to IREC is significant and may reduce the quantity of time he has available for the management of ICM. In addition, IREC provides certain services to ICM, including office space, administrative resources, information technology support, client servicing, and investor relations. ICM and IREC engage common service providers

including legal counsel, banks and lenders, financial advisors and providers of tax and audit services. IREC and its affiliates engage in a broad range of activities, including investment activities for their own account and for the account of other private investment funds. In the ordinary course of conducting its investment and other business activities, IREC's interests or the interests of its affiliates, advised funds and investors may conflict with the interests of ICM and/or the Funds. ICM expects that IREC and its affiliates will deal with all conflicts of interest using their best judgment (meaning the exercise of such judgment considering the interests of the IREC funds taken as a whole), in their sole discretion. In the case of all conflicts involving the Funds, the determination as to which factors are relevant, and the resolution of such conflicts, will be made in the sole discretion of ICM, except as required by the governing documents of the Funds.

D. *Not applicable.*

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

- A. ICM has adopted a Code of Ethics (the "Code of Ethics") which sets forth the standards of business conduct ICM expects from each of its employees. The Code of Ethics requires, among other things, that all employees: comply with applicable federal securities laws; recognize their fiduciary duty to ICM's clients; and place ICM's clients' interests before their own in any business dealing. A copy of ICM's Code of Ethics will be provided to any current or prospective investor upon request.
- B. Peter Palandjian and Leon Palandjian are owners of the General Partner of the Funds and, together with members of their respective families, have personal investments in the Funds. In addition, ICM and its affiliates may receive performance-based fees and allocations from the Funds.
- C. ICM's personnel may, subject to: black-out periods; ICM's policies and procedures regarding personal trading; ICM's Code of Ethics; and review by ICM's Chief Compliance Officer, (i) purchase or sell publicly-traded securities, and (ii) purchase or sell interests in private investment funds.

D. *Not applicable.*

Item 12 Brokerage Practices

Currently, neither the Funds nor ICM engage in brokerage transactions directly. ICM does not engage in soft dollar practices, brokerage for client referrals, or directed brokerage.

Item 13 Review of Accounts

- A. ICM's portfolio manager reviews the holdings of the Funds on a monthly basis to determine whether positions in the Underlying Funds should be rebalanced.

- B. Significant market or idiosyncratic events which may affect the prices or liquidity of one or more securities held in the accounts of the Funds may trigger account reviews on other than a periodic basis.
- C. On an annual basis, investors in the Funds receive a copy of the relevant Fund's annual audited financial statements and, where applicable, a statement of taxable income on Form K-1. ICM may, in its sole discretion, furnish investors in the Funds with periodic written unaudited performance reports on a monthly basis.

From time to time, ICM may provide certain investors with more frequent and/or more detailed information regarding the Funds' investments, performance, finances and management. Moreover, ICM may also provide information to investors regarding the commencement of any disciplinary actions, legal proceedings, investigations or similar matters relating to a Fund, ICM and/or its personnel, or of redemptions from a Fund by ICM and/or its personnel).

Item 14 Client Referrals and Other Compensation

A. Economic Benefits Provided to ICM

Certain third-party service providers engaged by ICM on behalf of its investors or Funds may elect to provide reasonable forms of entertainment, meals, and/or gifts to ICM or certain of its employees. Given the potential for a conflict of interest to arise in the selection of a service provider as a result of the receipt of such meals and entertainment, ICM has adopted a Gifts and Entertainment Policy to avoid any such conflicts. The Gifts and Entertainment Policy is overseen by ICM's Chief Compliance Officer. In general, the Gifts and Entertainment Policy requires that business entertainment (including meals) involving ICM's personnel not be of a character or cost that would prevent the employee being entertained from making an independent business decision with regard to the services offered by the business sponsoring the entertainment, or that is not in accordance with generally accepted standards of business ethics in the industry. Although token gifts may be allowed in compliance with ICM's policies, vendors are generally discouraged from providing gifts or entertainment to ICM's employees. Moreover, no employee of ICM may give on his or her own behalf or on behalf of ICM any gift or accommodation to a business contact that may be construed as an improper attempt to influence the recipient.

B. Compensation of Others for Referrals

ICM makes payments to IREC for referrals to prospective investors who become investors in the Funds.

Item 15 Custody

Custodial banks maintaining Fund assets do not send statements to investors in the Funds.

Item 16 Investment Discretion

ICM has discretionary authority to manage investments on behalf of the Funds. The investors in the Funds generally may not place any limits on ICM's authority beyond the limitations set forth in the governing documents of such Funds.

Item 17 Voting Client Securities

- A. The Funds are not able to direct the vote of ICM. The Funds generally invest with Underlying Managers who have authority to vote securities held by the Underlying Funds they manage. With respect to ICM's ability to vote limited partnership interests or shares of Underlying Funds, and to the extent that ICM is authorized to vote proxies with respect to Fund securities, ICM seeks to ensure that it votes in the best interests of the Funds. Prospective and existing investors in the Funds may obtain information about how ICM voted Fund securities (if any) and/or a copy of ICM's proxy voting policies and procedures by written request to Intercontinental Capital Management, LLC, 1270 Soldiers Field Road, Boston, MA 02135. Attn: Investor Relations or to investorrelations@intercontinental-capital.net.

Item 18 Financial Information

Not applicable.

Item 19 Requirements for State-Registered Advisers

Not applicable.