

RMBS MANAGEMENT LLC

RMBS Management LLC Firm Brochure

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This brochure provides information about the qualifications and business practices of RMBS Management LLC. If you have any questions about the contents of this brochure, please contact us at (914) 630-1929 or bbrennan@rmbsm.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Additional information about RMBS Management LLC also is available on the SEC's website at www.adviserinfo.sec.gov. Registration with the SEC or notice filing with any state securities authority does not imply a certain level of skill or training.

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I. Advisory Business

A. General Description of Advisory Firm.

RMBS Management LLC (the “Advisor”), a Delaware limited liability company, acts as the advisor to RMBS Oddlot Fund LP and RMBS Securitized Products Fund LP, each of which is a U.S. limited partnership (each, a “Partnership” and collectively, the “Partnerships”). The Advisor and its affiliates (each, an “Affiliate”) tailor strategic advice, research, analysis and advisory services to the Partnerships as described in the investment program or each Partnership’s private placement memorandum. The Advisor was launched in 2008 and is principally owned by Brian Brennan, Timothy Carr and Daniel Garcia.

B. Description of Advisory Services.

For a full description of the Advisor’s services and types of investments for which the Advisor provides such services, please see Section V.

C. Availability of Customized Services for Individual Clients.

The Advisor tailors its advisory services as described in the investment program of the relevant Partnership’s private placement memorandum or as set forth in such Partnership’s organizational documents (e.g. a limited partnership agreement) and/or as set forth in the investment management agreement with a Partnership.

The Advisor has the right to enter into agreements, such as side letters, with certain underlying investors in the Partnerships (each, an “Investor” and collectively, the “Investors”) that may in each case provide for terms of investment that are more favorable to the terms provided to other Investors. Such terms may include the waiver or reduction of management fees and/or incentive allocations, the provision of additional information or reports and more favorable transfer rights.

Advisory services for the Partnerships are not tailored to the individual needs of Investors. Investors may not impose restrictions on the Advisor with respect to the investments it makes on behalf of the Partnerships.

Persons reviewing this Form ADV Part 2A should not construe this as an offering of any of the Partnerships described herein, which will only be made pursuant to the delivery of a private placement memorandum to prospective investors.

In addition, the Advisor may tailor advisory services to the individual clients in a managed account (each, a “Managed Account”). Under such an arrangement a client may impose

restrictions on investing in certain securities or types of securities. The Advisor currently does not advise any Managed Accounts.

D. Wrap Fee Programs

The Advisor does not participate in any wrap fee programs.

E. Assets Under Management.

As of December 31, 2011, the Advisor manages approximately \$32 Million in client assets on a discretionary basis. The Advisor does not manage any assets on a non-discretionary basis.

II. Fees and Compensation

A. Advisory Fees; Incentive Distributions and Allocations .

RMBS Oddlot Fund LP (the “Oddlot Fund”) - Advisory Fee and Incentive Distribution

With respect the Oddlot Fund, the Advisor generally is paid a quarterly advisory fee equal to 0.5% of the aggregate net asset value of each Investor’s capital account, in advance at the beginning of each quarter. This advisory fee is prorated for each partial quarter.

With respect to the Oddlot Fund, an Affiliate is also generally entitled to a share of distributions of the Partnership’s net cash flow. Distributions of net cash flow are generally made as follows: first, to the Investors until they receive a return of their contributed capital; second, to the Investors until they receive a compound rate of return equal to 12.5% on capital contributed prior to September 1, 2009 and 10.0% on capital contributed after September 1, 2009 and prior to June 1, 2009; after that 7.5% third, to the Affiliate until the Affiliate receives a return of 12.5% on its contributed capital; fourth, to the Investors until they receive distributions equal to 50% of the advisory fees paid to the Advisor and fifth, 30% to the Affiliate and 70% to the Investors.

RMBS Securitized Products Fund LP (the “RMBS Fund”) - Advisory Fee and Incentive Allocation

With respect the RMBS Fund, the Advisor generally is paid a quarterly advisory fee equal to 0.375% of the aggregate net asset value of the capital account of each Investor holding Class A shares of the RMBS Fund and 0.5% .375% of the aggregate net asset value of the capital account of each Investor holding Class B shares of the RMBS Fund , Advisory fees are paid in advance at the beginning of each quarter and are prorated for each partial quarter.

With respect to the RMBS Fund, an Affiliate is generally entitled to an annual performance-based allocation equal to 15% of the net gain allocated to each Investor holder of Class A shares and 20% of the net gain allocated to each Investor holder of Class B shares subject, in each case to a “high water mark”.

The Advisor and/or an Affiliate may waive part or all of any of the foregoing fees and allocations/distributions.

B. Payment of Fees.

The Advisor will deduct management fees, incentive allocations and carried interest directly from the Partnerships.

C. Additional Fees and Expenses .

Each Partnership bears the legal, accounting and administration expenses associated with its organization, maintenance and offering of interests, which expenses are limited to \$500,000 (with respect to the Oddlot Fund) and \$250,000 (with respect to the RMBS Fund).

Each Partnership bears all costs and expenses directly related to portfolio investments or prospective investments (whether or not consummated) made by the Advisor or an Affiliate on behalf of such Partnership. Each Partnership bears all out-of-pocket costs of its administration.

The Advisor or an Affiliate may cause a Partnership to reimburse the Advisor or an Affiliate for out-of-pocket costs incurred on behalf of such Partnership.

D. Prepayments and Refunds.

Each Partnership must pay fees at the beginning of each billing period, as described in II.A. above. Advisory contracts cannot be prematurely terminated, and clients may not obtain a refund of fees.

E. Additional Compensation

None of the Advisor, its Affiliates nor any supervised persons accepts compensation for the sale of securities or other investment products.

III. Performance-Based Fees and Side-By-Side Management

The Advisor's Affiliates receive performance-based compensation in the form of an incentive allocation or distribution with respect to each Partnership.

In the allocation of investment opportunities, performance-based fee/allocation arrangements may also create: (i) an incentive to favor accounts with performance fee/allocation arrangements over accounts that are not charged , or from which an Affiliate will not receive (e.g., because the Partnership is below the high water mark), a performance fee/allocation and (ii) an incentive to favor accounts from which an Affiliate will receive a greater performance fee/allocation over accounts from which an Affiliate will receive a lesser performance fee/allocation. The Advisor and its Affiliates have adopted an Investment allocation policy and procedures (the "Allocation Procedures") designed to ensure that all Partnerships are treated fairly and equally and to prevent this form of conflict from influencing the allocation of investment opportunities among the Partnerships. In accordance with the Allocation Procedures, the Advisor and its Affiliates will endeavor to treat each Partnership in a fair and equitable manner.

IV. Types of Clients

The only clients to which the Advisor and its affiliates currently provide investment management services and advice are the Partnerships.

The offering documents of each Partnership may set minimum amounts for investment by prospective Investors and accreditation standards for Investors. These minimum amounts may be waived by the Advisor or an Affiliate.

V. Methods of Analysis, Investment Strategies, and Risk of Loss

Methods of Analysis and Investment Strategies.

The following are the principal investment strategies used by the Advisor in managing the investment portfolios of the Partnerships. Partnerships' investment portfolios may differ based on whether they concentrate their investments in a single one of these strategies, all of the strategies or less than all of the strategies. A Partnership's investment strategy may also differ based on geographical focus, liquidity needs and other considerations.

RMBS Securities. The Advisor principally invests the assets of each Partnership in residential mortgage-backed securities ("RMBS Securities"), which are securities backed by pools of one- to four-family residential mortgage loans that entitle the holders to receive the cash flow from such pools. RMBS Securities backed by residential mortgage loans have experienced a higher and earlier than expected rate of delinquencies, and recently, delinquencies, defaults and foreclosures on residential mortgage loans have dramatically increased and may continue to increase. These events have and will continue to adversely affect the value of the related RMBS Securities. While the Advisor attempts to anticipate continued deterioration of credit, should actual delinquencies, defaults and severities be worse than anticipated, the performance of any Partnership's account could be adversely affected.

Many RMBS Securities, in particular those of issued recently, have been subject to rating agency downgrades. These downgrades have included downgrades of "AAA" securities, and in some cases have occurred within a few months after issuance. Downgrades of RMBS Securities in which a Partnership's assets are invested can cause such Partnership's investment to decrease in value.

The Advisor may also make investments on behalf of a Partnership in synthetic securities with reference obligations which are RMBS Securities. The return of synthetic securities will generally be inversely correlated to the performance of the reference obligations. These securities may be used as a hedge against the performance of RMBS Securities. However, synthetic securities are highly complex and there can be no assurance that any attempt to hedge through the use of synthetic securities or otherwise will be effective.

Subordinated Securities. There are no restrictions on the credit quality of the investments that the Advisor may make on behalf of the Partnerships. Securities in which a Partnership may be invested may be vulnerable to default in payment of interest and/or principal. Other securities may have the lowest quality ratings or may be unrated. In the case of below-investment-grade (or unrated) MBS or ABS, these securities will generally be subordinated to other more "senior" securities of the same issue or series. The default-related risks of the underlying mortgages or assets will be severely magnified in subordinated securities. Subordinated securities ("first loss

securities”) generally absorb all losses from default before any other class of securities is at risk. Such securities therefore possess some of the attributes typically associated with equity investments. Default risks may also be further pronounced in the case of MBS or ABS secured by, or evidencing an interest in, a relatively small or less diverse pool of underlying mortgage loans or assets. Accordingly, these securities may experience significant price and performance volatility with respect to a variety of market and non-market factors.

Limited Diversification. The Advisor currently concentrates investments it makes on behalf of the Partnerships in RMBS. There are no diversification requirements for assets held by the Advisor in the account of any Partnership. Accordingly, the Advisor anticipates volatility in the returns for each Partnership’s account resulting, in part, from investment concentration.

Adverse Developments in the Residential Mortgage Market. Property values have recently decreased, particularly in some areas of the United States, after a sustained period of increase. The resultant higher combined loan-to-value ratios may result in lower recoveries on foreclosure, and an increase in net losses above those that would have been realized had property values remained the same or increased. In addition, property values may be affected by changes in the mortgage markets as a result of legislation. A decline in property values is particularly likely to impact recoveries on any RMBS Securities backed by second lien mortgage loans or by option ARMs or other mortgage loans for which very little equity exists in the mortgage property.

Current market conditions also may impair borrowers' ability to refinance or sell their residential properties, which also may contribute to higher delinquency and default rates. Borrowers seeking to avoid increased monthly payments by refinancing may no longer be able to find available replacement loans at comparably low interest rates. A decline in housing prices may also leave borrowers with insufficient equity in their homes to permit them to refinance. Borrowers who intended to sell their homes on or before the expiration of the fixed rate periods on their mortgage loans may find that they cannot sell their property for an amount equal to or greater than the unpaid principal balance of their loans. In addition, some mortgage loans may include prepayment premiums that would further inhibit refinancing. While some lenders and servicers have created modification programs in order to assist borrowers with refinancing or otherwise meeting their payment obligations, not all borrowers have qualified for or taken advantage of these opportunities.

This is also true with respect to the Home Affordable Modification Program (“HAMP”), which was originally enacted in May 2009 as part of the Obama Administration’s broader Homeowner Affordability and Stability Plan. While HAMP had originally provided for financial incentives and cost-sharing to encourage loan modifications for first lien residential mortgage loans, the Obama Administration has steadily expanded HAMP’s scope to address ongoing issues related to high unemployment rates and large home price declines in many markets. HAMP now includes subordinate lien loans, a foreclosure alternatives program and a Treasury program to refinance loans into Federal Housing Administration-insured loans. The large scale expansion and

implementation of these programs may lead to a significant increase in the number of mortgage loan modifications and other foreclosure alternatives, such as short sales, taking place. An increase in the volume of modifications or foreclosure alternatives with respect to the mortgage loans could lead to decreased distributions on the related RMBS Securities, as described above.

Each Partnership's account may have significant exposure to RMBS Securities which were originated or are serviced (or both) by mortgage companies which are currently in bankruptcy proceedings or which are experiencing financial difficulties or regulatory enforcement actions which have restricted the ability of the lender or its affiliates to originate mortgage loans and may affect its ability to service mortgage loans. These adverse changes in market and credit conditions may reduce the value of a Partnership's investment in certain RMBS securities as well as the amount of investment proceeds to which such Partnership would indirectly be entitled.

In addition, a number of states have been active in passing new legislation that could significantly impact distributions on RMBS Securities. For example, a number of states have implemented foreclosure moratoriums or requirements for pre-foreclosure settlement conferences and disclosures, which could adversely impact the timing as well as the amount of the distributions. Certain federal and state laws may impose significant assignee liability on the owners of loans that violate federal or state anti-predatory lending or "high cost home loan" statutes, which may adversely affect the value of the loans underlying the RMBS Securities.

CMBS Securities. The Advisor may also make investments on behalf of a Partnership in commercial mortgage backed securities ("CMBS Securities"). CMBS Securities are securities backed by obligations (including certificates of participation in obligations) that are principally secured by mortgages on real property or interests therein having a multifamily or commercial use, such as regional malls, other retail space, office buildings, industrial or warehouse properties, hotels, nursing homes and senior living centers. CMBS Securities are subject to particular risks that may differ from RMBS Securities, including lack of standardized terms, shorter maturities than residential mortgage loans and payment of all or substantially all of the principal only at maturity rather than regular amortization of principal. Additional risks may involve by the type and use of a particular commercial property, such as hospitals, nursing homes, hospitality properties and certain other property types. Commercial property values and net operating income are also subject to volatility, which may result in net operating income becoming insufficient to cover debt service on the related mortgage loan. The repayment of loans secured by income-producing properties typically depends on the successful operation of the project rather than upon the liquidation value of the underlying real estate. Furthermore, the net operating income from, and value of, any commercial property is subject to various economic risks, which may in turn affect the value of the related CMBS Securities, including changes in general or local economic conditions and/or specific industry segments; the solvency of tenants; declines in rental or occupancy rates; increases in interest rates, real estate tax rates and other operating expenses; changes in governmental rules, regulations and fiscal policies; acts of God; terrorist threats and attacks and social unrest and civil disturbances. The exercise of remedies and successful realization of liquidation proceeds relating to CMBS Securities also may

be highly dependent on the performance of the servicer or special servicer. There may be a limited number of special servicers available, particularly those that do not have conflicts of interest.

The Advisor may also invest on behalf of a Partnership in synthetic securities with reference obligations which are RMBS Securities. The return on synthetic securities will generally be inversely correlated to the performance of the reference obligations. These securities may be used as a hedge against the performance of RMBS Securities. However, synthetic securities are highly complex and there can be no assurance that any attempt to hedge through the use of synthetic securities or otherwise will be effective.

Borrower Fraud. The value of a Partnership's investments in RMBS, CMBS or ABS may be affected by the possibility of material misrepresentations or omissions on the part of borrowers. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying a loan or may adversely affect the ability of such Partnership or its affiliates to perfect or effectuate a lien on the collateral securing the loan.

ABS. The Advisor may invest in "asset-backed securities" or "ABS" on behalf of a Partnership, which are securities backed by consumer receivables, commercial receivables or other non-mortgage debt. The structure of ABS and the terms of the interests of a Partnership and its Investors in the collateral can vary widely depending on the type of collateral, the desires of such Investors and the use of credit enhancements. Individual ABS transactions can differ markedly in both structure and execution. Important determinants of the risks associated with holding ABS include the relative seniority or subordination of classes of ABS; the relative allocation of principal and interest payments in the priorities by which such payments are made under the governing documents; how credit losses affect the issuing vehicle and the return to investors; whether collateral represents a fixed set of specific assets or accounts; whether the underlying collateral assets are revolving or closed-end; under what terms (including maturity of the asset-backed instrument) any remaining balance in the accounts may revert to the issuing company; and the extent to which the company that is the actual source of the collateral assets is obligated to provide support to the issuing vehicle or to the investors. In addition, certain ABS (particularly subordinated ABS) provide that the non-payment of interest in cash on such securities will not constitute an event of default in certain circumstances, and the holders of such securities will not have available to them any associated default remedies. Interest not paid in cash often will be capitalized and added to the outstanding principal balance of the related security. Any such deferral may result in losses on such ABS.

Prepayment Rates of Debt Underlying MBS and ABS. The frequency at which prepayments (including both voluntary prepayments by the borrowers and liquidations due to defaults and foreclosures) occur on mortgage loans underlying mortgaged-backed securities (including RMBS Securities and CMBS Securities, together "MBS") and ABS will be affected by a variety of factors including the prevailing level of interest rates as well as economic, demographic, tax, social,

legal, and other factors. Generally, borrowers tend to prepay their mortgages when prevailing mortgage rates fall below the interest rates on their mortgage loans.

The effects of prepayments may impact the account of a Partnership in two ways. First, particular investments may experience outright losses, as in the case of interest-only securities in an environment of faster actual or anticipated prepayments. Second, returns may be negatively affected by slower than anticipated prepayments in the case of securities purchased at deep discounts.

Unreliability of Ratings. In general, the ratings of nationally recognized rating organizations represent the opinions of these agencies as to the credit quality of securities that they rate. These ratings may be used by the Advisor in managing the selection of portfolio securities. Such ratings, however, are relative and subjective; they are not absolute standards of quality and do not evaluate the market value risk of the securities. It is also possible that a rating agency might not change its rating of a particular issue on a timely basis to reflect subsequent events.

Interest Rate Risks. Each Partnership will have substantial exposure to interest rate risks, meaning that changes in prevailing interest rates could negatively affect the value of the investments made by the Advisor on behalf of such Partnership. The interest-bearing assets in which the Advisor has invested on behalf of a Partnership may be more sensitive to changes in market interest rates than such Partnership's interest-earning liabilities, or vice versa. Factors that may affect market interest rates include inflation, slow or stagnant economic growth or recession, unemployment, money supply and the monetary policies of the Federal Reserve Board, international disorders and instability in domestic and foreign financial markets. The Advisor expects that its clients' portfolios will periodically experience imbalances in the interest rate sensitivities of their assets and liabilities and the relationships of various interest rates to each other. In a changing interest rate environment, the Advisor may not be able to manage this risk effectively. If the Advisor is unable to manage interest rate risk effectively, a Partnership's performance could be adversely affected.

Hedging and Derivative Transactions. In order to mitigate the impact of market fluctuations, such as those in the relative values of the portfolio positions of its clients as a result of changes in general economic conditions, real estate values, certain changes in the financial markets and changes in interest rates, the Advisor may engage in certain derivative transactions on behalf of its clients as a hedging device or as an unhedged investment.

Some derivatives or other structured products entered into by the Advisor on behalf of a Partnership may be based on the ABX, CMBX or Primex indices or on other indices related to RMBS Securities or the mortgage market generally, such as the value of mortgaged properties. Investments in these indices may be subject to higher volatility than investment in the related assets.

The prices of derivative instruments, including forward contracts, swaps and options, are highly volatile. Price movements of forward contracts and other derivative contracts in which a

Partnership's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies and financial instrument options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. Each Partnership is also subject to the risk of the failure of any exchange on which the positions taken on its behalf by the Advisor trade or of their respective clearinghouses.

Borrowings and Leverage. The Advisor expects to leverage the capital of each Partnership because the Advisor believes that the use of leverage may enable the Partnerships to achieve higher rates of return. Accordingly, the Advisor will cause each Partnership to pledge its assets in order to borrow additional funds for investment purposes. Lenders to a Partnership may have recourse to the entire portfolio of securities owned by such Partnership that is pledged as collateral for any funds borrowed on behalf of Partnership. The Advisor intends to limit borrowings so that the aggregate leverage utilized by any Partnership will not exceed 50% of the value of such Partnership's portfolio. Borrowings are expected to be in the form of short term (less than 180 days) repurchase agreements associated with specific investments.

While leverage presents opportunities for increasing the total return for a Partnership's account, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment made by the Advisor on behalf of a Partnership would be magnified to the extent the Advisor has utilized leverage for such Partnership. The cumulative effect of the use of leverage by the Advisor on behalf of a Partnership in a market that moves adversely to such Partnership's investments could result in a substantial loss to such Partnership which would be greater than if such Partnership were not leveraged.

Analytical Model Risks. The Advisor will employ certain strategies on behalf of each Partnership which depend upon the reliability, accuracy and analysis of the Advisor's analytical models. To the extent such models (or the assumptions underlying them) do not prove to be correct, a Partnership's account may not perform as anticipated, which could result in underperformance for such account. All models ultimately depend upon the judgment of the individuals designing and the assumptions embedded in the models. To the extent that with respect to any investment, the judgment or assumptions are incorrect, a Partnership can suffer losses.

VI. Disciplinary Information

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

VII. Other Financial Industry Activities and Affiliations

A. Broker-Dealer Registration Status

The Advisor and its management persons are not registered as broker-dealers and do not have any application pending to register with the Securities and Exchange Commission (the “SEC”) as a broker-dealer or registered representative of a broker-dealer.

B. Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor Registration Status

The Advisor and its management persons are not registered as, and do not have any application to register as, a futures commission merchant, commodity pool operation, commodity trading advisor or an associated person of the foregoing entities.

C. Material Relationships or Arrangements with Industry Participants.

Affiliated Advisors. RMBS Oddlot Fund GP, LLC, an Affiliate of the Advisor, serves as the general partner of the Oddlot Fund and RMBS Securitized Products Fund GP, LLC, an Affiliate of the Advisor, serves as general partner of the RMBS Fund.

Conflicts of Interest.

Although the members, employees and Affiliates of the Advisor will devote as much time to the Partnerships as they deem appropriate to perform their duties in accordance with governing documents for each Partnership, such members, employees and Affiliates may have conflicts in allocating their time and services among the Partnerships and the Advisor’s or its Affiliates’ other clients or accounts. At present, the Advisor and its Affiliates have no clients other than the Partnerships.

The Partnerships may retain or otherwise purchase services from the Advisor and its Affiliates and businesses in which they have an interest in addition to the management services provided by the Advisor and its Affiliates. The Partnerships do not currently retain the Advisor or any Affiliate to perform non-advisory services in conjunction with Partnership accounts or investments.

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

A. Code of Ethics

The Advisor and its Affiliates have implemented a personal securities trading policy, which is incorporated by reference to the Advisor's Code of Ethics and Business Conduct (the "Code of Ethics"), that prohibits employees from engaging in transactions with respect to the securities of any issuer, public or private, subject to certain limited exceptions.

The Advisor and its Affiliates are committed to the highest standard of ethical conduct. The Code of Ethics specifics and prohibits certain types of transactions deemed to create actual conflicts of interest, the potential for conflicts, or the appearance of conflicts, and establishes general guidelines for the conduct of the personnel of the Advisor and its Affiliates as well as clearance and/or reporting requirements and enforcement procedures.

In recognition of the trust and confidence placed in the Advisor and its Affiliates by the Investors and to give effect to the belief of the Advisor and its Affiliates that their operations should be directed to the benefit of the Partnerships, the Advisor and its Affiliates adopted the following general principles to guide the actions of their employees:

- The interests of the Partnerships and Investors are paramount. All employees must conduct themselves and their operations to give maximum effect to this tenet by assiduously placing the interests of the Partnerships and Investors before their own.
- All permitted personal transactions in securities by employees must be accomplished so as to avoid conflicts of interest in the part of such personnel with the interests of the Partnerships.
- All employees must avoid actions or activities that allow a person to profit or benefit from their position with respect to the Partnerships or that otherwise improperly bring into question the person's independence or judgment.
- All employees must report any violation(s) of the Code of Ethics or inappropriate behavior to the Advisor's Chief Compliance Officer.
- All employees must comply with all applicable laws, rules and regulations including the Federal securities laws.

The Advisor and its Affiliates require that all personnel avoid any relationship or activity that might impair, or even appear to impair, such individual's ability to make objective and fair decisions while performing job functions. The Code of Ethics prohibits personnel from using Advisor property or

information for personal gain or personally taking for themselves any opportunity that is discovered through their advisory position. The Code of Ethics further requires that employees disclose any situation, including situations pertaining to the employee's family members, with reasonably could be expected to give rise to a conflict of interest. The Code of Ethics also contains general prohibitions against fraud, deceit and manipulation, as well as additional restrictions and requirements regarding gifts, entertainment and outside activities.

A copy of the code of ethics is available to all current and prospective clients of the Advisor. Please call (914) 630-1929 to obtain a copy.

B. Securities In Which the Advisor or a Related Person Has A Material Financial Interest

Not Applicable

C. Investing in Securities That the Advisor or a Related Person Recommends to Clients

Not Applicable

D. Conflicts of Interest Created by Contemporaneous Trading

Not Applicable

IX. Brokerage Practices

The Advisor may consider various factors in selecting banks, brokers and dealers to effect transactions for the Partnerships. Such factors may include: price, timing, ability to effect the transactions, facilities, reliability and financial responsibility, as well as the products or services that may be provided by such banks, brokers or dealers to the Advisor. These products and services may include research utilized by the Advisor in its investment processes. As a result, to the extent permitted by law, the expected benefits from such “soft dollar” arrangements may cause the Advisor to conduct transactions with a specific bank, broker or dealer even though such party may not offer the lowest transaction fees. The potential “soft dollar” arrangements benefit all client accounts.

The Advisor does not receive client referrals from a broker-dealer or third party in response to a less favorable execution. The Advisor does not permit a client to direct brokerage.

X. Review of Accounts

Partnership accounts are reviewed on a monthly basis. The review consists of examining each security in the account of each Partnership. The examination entails tracking the performance of each security with its expected performance over the time period. Additionally an assessment of the portfolio construction is performed on a quarterly basis. The review is conducted by the Advisor's portfolio managers and Chief Financial Officer.

Partnership accounts will be reviewed on other than a periodic basis as relevant market events occur

The Advisor will issue reports on a quarterly basis describing the performance of each Partnership's portfolio, the mix of securities in the portfolio and general commentary on the structured products markets.

Additionally, the Advisor or an Affiliate will cause each Partnership will furnish to its Investors as soon as practicable after the end of each fiscal year annual reports containing financial statements as well as such tax information as is necessary for each Investor to complete U.S. federal and state income tax or information returns, along with any other tax information required by law. In addition, the Advisor or an Affiliate will furnish each Investor with monthly net asset value statements.

Investors have the right to inspect the books and records of the Partnership in which they are invested as described in the operational documents of such Partnership.

XI. Client Referrals and Other Compensation

Not applicable.

XII. Custody

Rule 206(4)-2 promulgated under the Advisers Act (the “Custody Rule”) (and certain related rules and regulations under the Advisers Act) imposes certain obligations on SEC-registered investment advisers that have custody or possession of any funds or securities in which any client of such registered investment adviser has any beneficial interest. An investment adviser is deemed to have custody or possession of client funds or securities if the adviser directly or indirectly holds client funds or securities or has authority to obtain possession of them (regardless of whether the exercise of that authority or ability would be lawful).

The Advisor is required to maintain the funds and securities (except for securities that meet the privately offered securities exemption in the Custody Rule) over which they have custody with a “qualified custodian”. Qualified custodians include banks, brokers, futures commission merchants and certain financial institutions.

Rule 206(4)-2 imposes on advisers with custody of clients’ funds or securities certain requirements concerning reports to such clients (including underlying investors) and surprise examinations relating to such clients’ funds or securities. However, an adviser need not comply with such requirements with respect to pooled investment vehicles subject to audit and delivery if each pooled investment vehicle (i) is audited at least annually by an independent public accountant and (ii) distributes its audited financial statements prepared in accordance with generally accepted accounting principles to their investors, all limited partners, members of other owners within 120 days (180 days in the applicable case of fund of fund adviser) of its fiscal year-end. The Advisor relies upon this audit exception with respect to the Partnerships.

XIII. Investment Discretion

The Advisor has sole discretionary authority to manage securities accounts on behalf of the client. Investors in each Partnership are required to review the operational and offering documents of such Partnership and to sign a subscription agreement before investing in a Partnership. The Advisor maintains complete discretion as the securities it may select on behalf of a Partnership, provided, however, that the Advisor select investments in conjunction with the investment strategy for each Partnership set forth in the operational and offering documents of such Partnership.

XIV. Voting Client Securities

The Advisor has the authority to vote client securities. Investors in any Partnership may not direct a vote in a particular solicitation made by the Advisor or an Affiliate on behalf of such Partnership. While this may give rise to potential conflicts of interest, the Advisor and its Affiliates will act in the best interest of the Partnerships pursuant to the proxy voting policy adopted by the Advisor in accordance with Rule 206(4)-6 under the Investment Advisers Act of 1940. The matter of voting client securities has an inconsequential role in the structured products market and the Advisor believes such matters immaterial for the securities in which it invests.

XV. Financial Information

The Advisor is not required to include a balance sheet for its most recent financial year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to the Partnerships, and has not been the subject of a bankruptcy petition at any time during the past ten years.