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This brochure provides information about the qualifications and business practices of Gallant Capital LLC. If you have any questions about the contents of this brochure, please contact us at 713-579-3939 or info@gallantcapital.net. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

Material Changes

Item 2 is not applicable as this is our first brochure.

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4. Advisory Business

Gallant Capital LLC (the “firm,” “we,” us,” or “our”) is a newly-established investment advisory firm. The principal owners of the firm are Taylor Holladay, Andrew Wells and Edith Saville. The firm proposes to provide advisory services on a discretionary basis to Gallant Master Fund, L.P., a private pooled investment “master fund” in a master-feeder structure that has a domestic feeder fund, Gallant Fixed Income Fund LP, and an offshore feeder fund, Gallant Fixed Income Offshore Fund, Ltd. Because the feeder funds place all of their investable assets in the master fund and all investment activities and investment discretion is conducted at the master fund level where we act as investment manager to the master fund, we currently only provide investment advice to a single client, Gallant Master Fund, L.P.

The assets of the client are managed in accordance with the investment strategy described in the feeder funds’ offering documents, but the client may not otherwise impose restrictions on investing in certain securities or types of securities. Our proposed investment strategy is to invest in U.S. government or government agency and investment grade fixed income securities and their respective derivatives. This strategy seeks to benefit from arbitrage opportunities which may exist in the over-the-counter negotiated markets particularly in odd lot size transactions. We may invest a portion of our client’s assets in foreign and domestic money market instruments and corporate debt obligations, put and call options, futures and forward contracts, indices and other investment contracts.

5. Fees and Compensation

We will generally charge the master fund a monthly management fee at an annual rate of 2.0% of the capital account balance of each underlying investor of the feeder funds, calculated and deducted from each investor’s capital account monthly in advance. Additionally, Caught Looking Investment Partners LP, our affiliate, in its capacity as a general partner of the master fund, is entitled to an annual performance-based profits allocation at the end of each fiscal year, taken at the master fund level, which is calculated and charged separately with respect to each investor, equal to 20% of the master fund’s net profits attributable to an investor for such fiscal year that exceed the greater of the investor’s: (i) Priority Return Amount; and (ii) Loss Carryforward Amount. Each of the Priority Return Amount and the Loss Carryforward Amount are described further below. The performance allocation may be waived or reduced with respect to any investor by the general partner in its sole discretion.

With respect to Gallant Fixed Income Fund LP, the “*Priority Return Amount*” is an amount equal to a non-cumulative 5% annual rate of return of an investor’s capital account balance calculated as of the commencement of a fiscal year (or the initial subscription of a limited partner admitted after the commencement of the fiscal year), as adjusted for any additional contributions or partial withdrawals during such fiscal year. The “*Loss Carryforward Amount*” for any fiscal year equals the aggregate unrecovered net losses allocated to a limited partner’s capital account during any preceding fiscal year. If a limited partner makes a withdrawal from its capital account at a time when there is a Loss Carryforward Amount, such Loss Carryforward Amount will be reduced in the same proportion that the withdrawal amount bears to the limited partner’s total capital account balance immediately prior to the withdrawal. Each of the Priority Return Amount and the Loss Carryforward Amount are calculated

independently and concurrently, thus the Priority Return Amount may be exceeded before the Loss Carryforward Amount is exceeded, in which case the performance allocation would be calculated based on the profits that exceed the Loss Carryforward Amount. All such calculations will be made before deduction of the performance allocation but after deduction of the management fees and other accrued expenses of the fund and the master fund for the current period and will include realized and unrealized gains and losses, in each case adjusted for any dividends and distributions. The performance allocation is calculated and charged to each limited partner as of the last day of each fiscal year. The performance allocation is also calculated and charged with respect to any limited partner permitted or required to withdraw as of any time other than the last day of a fiscal year on the basis of net profits allocated to such limited partner through the date of withdrawal. In the case of a partial withdrawal, the performance allocation is calculated and charged only with respect to the portion of the capital account being withdrawn. The performance allocation is calculated and allocated at the master fund level through the use of separate capital sub-accounts within the domestic fund's capital account in the master fund that correspond to the limited partner interest of each limited partner in the domestic fund. Any performance allocation is deducted from the limited partner's capital account.

With respect to Gallant Fixed Income Offshore Fund, Ltd., the "*Priority Return Amount*" means an amount equal to a non-cumulative 5% annual rate of return of the net asset value of a share as of the commencement of a fiscal year (or the date of issuance for shares issued after the commencement of the fiscal year). A "*Loss Carryforward Amount*" will be attributable to a share if the Net Capital Appreciation with respect to such share is a negative amount. "*Net Capital Appreciation*" applicable to a share means the amount by which the pro rata net asset value of the fund applicable to such share on the last day of the fiscal year (or on the redemption date, if applicable) exceeds the higher of the following amounts: (i) the highest pro rata net asset value of the fund applicable to such share as of the commencement of any fiscal year and (ii) the issue price of such share. All such calculations will be made before deduction of the performance allocation for the current period and will include realized and unrealized gains and losses, in each case adjusted for any dividends, distributions, recapitalizations and other similar events. Each of the Priority Return Amount and the Loss Carryforward Amount are calculated independently and concurrently, thus the Priority Return Amount may be exceeded before the Loss Carryforward Amount is exceeded, in which case the performance allocation would be calculated based on the profits that exceed the Loss Carryforward Amount. All such calculations will be made before deduction of the performance allocation but after deduction of the management fees and other accrued expenses of the Fund and the Master Fund for the current period and include realized and unrealized gains and losses, and in each case adjusted for any dividends and distributions. In order to facilitate the calculation of the performance allocation with respect to each share outstanding during a fiscal year, the performance allocation will be computed separately with respect to series of shares. Thus, for example, if a series of shares of the fund which were outstanding for both the current fiscal year and the prior fiscal year experienced a net profit for the current fiscal year but failed to recover fully to a higher net asset value that prevailed at the commencement of any prior fiscal year, no performance allocation would be charged with respect to those shares. On the other hand, a performance allocation would be charged on the profits achieved with respect to any series of shares originally issued at or subsequent to the commencement of the current fiscal year. The performance allocation is also calculated and debited (i) with respect to any shareholder permitted or required to redeem or transfer shares and

(ii) with respect to a shareholder making a partial redemption or transfer of shares, as of any time other than the close of a fiscal year on the basis of net profits allocated to the applicable series of shares through the redemption date or transfer date (but only with respect to the shares redeemed or transferred in the event of a partial redemption or transfer).

In addition, our client bears all costs and expenses directly related to its investment program, including expenses related to proxies, underwriting and private placements, brokerage commissions, interest on debit balances or borrowings, custody fees, the fees and expenses of risk and portfolio management systems, any withholding or transfer taxes and all expenses incurred in connection with locating, evaluating and implementing potential investments, including travel, software subscriptions and other research-related expenses. Our client also bears all out-of-pocket costs of the administration and operation of the client, including accounting, audit and legal expenses; costs of any litigation or investigation involving the client's activities; and costs associated with reporting and providing information to investors and prospective investors. For additional information regarding brokerage costs, see "*Brokerage Practices*."

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

Caught Looking Investment Partners LP, our affiliate, receives a performance-based profit allocation with respect to our client as described in "*Fees and Compensation*" above. Performance-based fees are calculated based on capital gains or capital appreciation of the client's assets. We do not manage any client accounts that do not pay a performance-based fee.

7. Types of Clients

We provide investment advisory services on a discretionary basis to a private pooled investment fund, which is structured as a master fund. A domestic private investment fund and an offshore private investment fund both feed into the master fund using a master-feeder structure. Each of the feeder funds requires a minimum initial subscription of \$1,000,000, although investments of a lesser amount may be accepted at the discretion of the general partner or directors of the fund, as applicable.

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

Methods of Analysis and Investment Strategies:

Our objective is the preservation and growth of capital as well as interest and capital gain income by trading U.S. government or government agency and investment grade fixed income securities.

We intend to invest a minimum of 90% of the client's assets, calculated at the time of investment, in U.S. government or government agency and investment grade fixed income securities and their respective derivatives. This strategy seeks to benefit from arbitrage opportunities which may exist in the over-the-counter negotiated markets particularly in odd lot size transactions. The remaining 10%, calculated at the time of investment, may be invested in foreign and domestic money market instruments and corporate debt obligations, put and call

options, futures and forward contracts, indices and other investment contracts. There will, however, be no restrictions on which securities we may trade on behalf of the client.

When we consider it appropriate, the client may utilize leverage and short sales. We adhere to a conservative investment strategy, focusing on government agency issued mortgage backed securities, which carry little if any credit risk, and are expected to be affected by broad economic, political and social trends. Although current income is our primary objective, we will also consider alternatives to achieve a desirable total return on the client's investments.

The policies we employ implement a capital preservation model, which holds preservation of principal above maximization of returns. However, as with any investment, there is no assurance that the trading strategy utilized for the client will result in profitable trading or avoid losses or that an investor will not lose a portion or all of its investment in the client.

Risk Factors:

General Investment Risks. All investments risk the loss of capital. No guarantee or representation is made that our program will be successful and investors in the feeder funds bear the risk of loss of their entire investment. Investment results may vary substantially over time.

Short Sales. We may enter into transactions, known as "short sales," in which we sell a security we do not own in anticipation of a decline in the market value of the security. Short sales that are not made "against the box" theoretically involve unlimited loss potential since the market price of securities sold short may continuously increase. We may mitigate such losses by replacing the securities sold short before the market price has increased significantly. Under adverse market conditions, we might have difficulty purchasing securities to meet our short sale delivery obligations, and might have to sell portfolio securities to raise the capital necessary to meet our short sale obligations at a time when fundamental investment considerations would not favor such sales.

Leverage. Subject to applicable margin and other limitations, we may borrow funds in order to make additional investments and thereby increase both the possibility of gain and risk of loss. Consequently, the effect of fluctuations in the market value of the client's portfolio would be amplified. Interest on borrowings will be a portfolio expense of the client and will affect the operating results of the client. Also, we could potentially create leverage via the use of instruments such as options and other derivative instruments.

Derivatives. Derivative instruments, or "derivatives," include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies, mortgage collateral or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are "leveraged," and thus provide significantly more market exposure than the money paid or

deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose the client to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts, and to counterparty risk. The counterparty risk lies with each party with whom the client contracts for the purpose of making derivative investments. In the event of a counterparty's default, the client will only rank as unsecured creditors and risk the loss of all or a portion of the amounts they are contractually entitled to receive.

Options. Investing in options can provide a greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment (i.e., the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (i.e., sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value.

Concentration of Investments. We have broad discretion over the client's investment program and may choose to allocate substantial portions of the client's assets to a particular investment. Such an occurrence may tend to result in more rapid changes in the client's portfolio, upward or downward, than would be the case with greater diversification, with the result that a loss in any such position could have a material adverse impact on the client's capital. We may also make similar market timing decisions and asset allocation decisions regarding the investments or some combination of other strategies.

Put and Call Options on Specific Investments. We may purchase exchange-listed and over-the-counter ("*OTC*") put and call options on specific investments. In addition, we may write and sell covered or uncovered call and put option contracts. A call option gives the purchaser of the option the right to buy, and obligates the writer to sell, the underlying investments at a stated exercise price at any time prior to the expiration of the option. Similarly, a put option gives the purchaser of the option the right to sell, and obligates the writer to buy, the underlying investments at a stated exercise price at any time prior to the expiration of the option. Options written by the client may be wholly or partially covered (meaning that the client holds an offsetting position) or uncovered. Options on specific investments may be used to seek enhanced profits with respect to a particular investment or commodity contract. Alternatively, they may be used for various defensive or hedging purposes. For example, they may be used to protect against a future adverse change in the market price of particular portfolio investments held by the client without requiring a sale of the investments.

Use of put and call options may result in losses to the client, force the sale or purchase of portfolio investments at inopportune times or for prices higher than (in the case of put options) or lower than (in the case of call options) current market values, limit the amount of appreciation the client can realize on their investments or cause the client to hold an investment it might

otherwise sell. For example, a decline in the market price of a particular investment could result in a complete loss of the amount expended by the client to purchase a call option (equal to the premium paid for the option and any associated transaction charges). An adverse price movement may result in unanticipated losses with respect to covered options sold by the client. The use of uncovered option writing techniques may entail greater risks of potential loss to the client than other forms of options transactions. For example, a rise in the market price of the underlying investment will result in the client realizing a loss on the calls written, which would not be offset by the increase in the value of the underlying investments to the extent the call option position was uncovered.

Counterparty Creditworthiness. In addition to the exchange-traded and exchange-cleared options contracts, we may also invest in the OTC market in contracts which involve dealing with counterparties and their ability to meet the terms of the contracts. In particular, we may enter into repurchase agreements, forward contracts and swap arrangements, each of which expose the client to credit risk to the extent that the counterparty defaults on its obligations to perform under the relevant contract.

Turnover. We may invest on the basis of short-term market considerations. The portfolio turnover rate of these investments may be significant, potentially involving substantial brokerage commissions and fees. We will not receive a portion of such commissions and fees.

Fixed Income Securities. Fixed-income securities provide periodic returns and the eventual return of the principal at the end of the term. The value of fixed-income securities changes in response to interest rate fluctuations and market perception of the issuer's ability to pay off its obligations. Fixed-income securities are subject to the risk that their issuer may be unable to make interest or principal payments on its obligations.

Mortgage-Backed and Asset-Backed Securities. Mortgage-backed securities represent an interest in a pool of mortgages. When market interest rates decline, more mortgages are refinanced and the securities are paid off earlier than expected. Prepayments may also occur on a scheduled basis or due to foreclosure. When market interest rates increase, the market values of mortgage-backed securities decline. At the same time, however, mortgage refinancings and prepayments slow, which lengthens the effective maturities of these securities. As a result, the negative effect of the rate increase on the market value of mortgage-backed securities is usually more pronounced than it is for other types of fixed-income securities. Asset-backed securities are structured like mortgage-backed securities, but instead of mortgage loans or interests in mortgage loans, the underlying assets may include, but are not limited to, such items as motor vehicle installment sales or installment loan contracts, leases of various types of real and personal property, and receivables from credit card agreements. The ability of an issuer of asset-backed securities to enforce its security interest in the underlying assets may be limited. Asset-backed securities are subject to many of the same risks as mortgage-backed securities.

Interest Rate Fluctuations. The prices of portfolio investments tend to be sensitive to interest rate fluctuations and unexpected fluctuations in interest rates could cause the corresponding prices of the long and short portions of a position to move in directions which were not initially anticipated. In addition, interest rate increases generally will increase the interest carrying costs to the client of borrowed securities and leveraged investments.

Illiquid Investments. Some of the investments we make may be illiquid, and consequently we may not be able to sell such investments at prices that reflect our assessment of their value or the amount paid for such investments by our client. Illiquidity may result from the absence of an established market for the investments as well as legal, contractual or other restrictions on their resale by the client and other factors. Furthermore, the nature of our investments, especially those in financially distressed companies, may require a long holding period prior to profitability.

Foreign Securities. Investments in foreign securities involve certain factors not typically associated with investing in U.S. securities, such as risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar (the currency in which the books of the client are maintained) and the various foreign currencies in which the client's portfolio securities will be denominated and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and foreign securities markets, including the absence of uniform accounting, auditing and financial reporting standards and practices and disclosure requirements, and less government supervision and regulation; (iii) political, social or economic instability; (iv) imposition of foreign income, withholding or other taxes; and (v) the extension of credit, especially in the case of sovereign debt.

9. Disciplinary Information

We have had no disciplinary or legal events.

10. Other Financial Industry Activities and Affiliations

We are the investment adviser to a private pooled investment fund. In addition, our affiliate, Caught Looking Investment Partners LP, a Texas limited partnership, serves as the general partner of the private investment fund. The performance allocation paid to the general partner (our affiliate) may create an incentive for us to make investments that are riskier or more speculative than would be the case in the absence of such performance allocation.

We address this potential conflict of interest by fully disclosing the relationship among the general partner, us and our client in the feeder funds' offering documents. Although the principals' control of the investment adviser and the general partner may give them heightened control and discretion over the client, they manage any potential conflicts of interest by strictly adhering to the investment strategy and business philosophy discussed in the feeder funds' offering documents. In addition, the general partner entered into the investment management arrangement with us on behalf of the client. While this may be an interested party agreement, the material terms of the investment management arrangement are fully disclosed to all investors in the feeder funds prior to their investment.

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

We have adopted a written Code of Ethics designed to address and avoid potential conflicts of interest as required under the Investment Advisers Act of 1940, as amended. If requested, we will provide at no cost a copy of our Code of Ethics.

Our Code of Ethics contains policies and procedures that ensure that all personal securities trading by our employees is conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an individual's position of trust and responsibility. We require pre-clearance before purchasing an IPO or a new private placement, require periodic reporting of employees' personal securities transactions and holdings and require prompt internal reporting of Code violations.

Our employees may invest in securities for their own accounts that are the same as securities transacted in the accounts of our client (but cannot purchase or sell securities from or to our client). A potential conflict of interest could arise if our employees' transactions are material and adversely impact the execution prices for our client. Accordingly, certain restrictions apply to our employees which we have defined as access persons. Our access persons may only initiate a position in a security that we also determine at that time to be appropriate for our client contemporaneously with or after our client's purchase or sale of such securities, as the case may be. Thereafter, any further transactions in such securities by our access persons in excess of \$100,000 may also only be made contemporaneously with or after our client's purchase or sale of such securities, as the case may be.

12. Brokerage Practices

We have appointed Cantor Prime Services as the prime broker for the client. We may appoint other banks, brokers, dealers, custodians and other counterparties for the client in our sole discretion without notice to the client.

In placing portfolio transactions, we will seek to obtain the best execution for our client, taking into account the following factors: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; the firm's risk in positioning a block of securities; the quality, comprehensiveness and frequency of available research services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying our other selection criteria. In addition, subject to our obligations to seek best execution, we may consider referrals of investors in selecting brokers.

Currently, we do not anticipate receiving any "soft dollar" benefits from our prime broker. However, we are authorized to pay higher prices for the purchase of securities from or accept lower prices for the sale of securities to brokerage firms that provide us with such investment and research information or to pay higher commissions to such firms if we determine such prices or commissions are reasonable in relation to the overall services provided. Research services furnished by brokers may include written information and analyses concerning specific

securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services; discussions with research personnel; and invitations to attend conferences or meetings with management or industry consultants. We are not required to weigh any of these factors equally. Information so received is in addition to and not in lieu of services required to be performed by us, and our fee is not reduced as a consequence of the receipt of such supplemental research information. Since commission rates in the United States are negotiable, selecting brokers on the basis of considerations which are not limited to applicable commission rates may at times result in higher transaction costs than would otherwise be obtainable.

In addition to research services, we may be offered other non-monetary benefits by broker-dealers that we may engage to execute securities transactions on behalf of the client. The availability of these benefits may influence us to select one broker rather than another to perform services for the client. Nevertheless, we will attempt to assure either that the fees and costs for services provided to the client by brokers offering these benefits are not materially greater than they would be if the services were performed by equally capable brokers not offering such services or that the client also will benefit from the services.

We have the option to use “soft dollars” generated by the client to pay for the research and non-research related services described above. The term “soft dollars” refers to the receipt by an investment adviser of products and services provided by brokers, without any cash payment by the investment adviser, based on the volume of revenues generated from brokerage commissions for transactions executed for client of the investment adviser. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation equipment). Section 28(e) of the United States Securities Exchange Act of 1934, as amended (the “*Exchange Act*”), provides a “safe harbor” to investment advisers who use soft dollars generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the investment adviser in the performance of investment decision-making responsibilities. In the event that we elect to use soft dollars, we intend to limit such use to services that fall within the safe harbor afforded by Section 28(e) of the Exchange Act or such services that are otherwise reasonably related to the investment decision-making process.

The use of brokerage commissions to obtain investment research services creates a conflict of interest between the us and the client, because the client pays for such products and services that are not exclusively for the benefit of the client and that may be primarily or exclusively for the benefit of us. To the extent that we are able to acquire these products and services without expending our own resources (including management fees paid by the client), our use of “soft-dollars” would tend to increase our profitability. In addition, the availability of these non-monetary benefits may influence us to select one broker rather than another to perform services for the client.

We do not currently receive referrals for clients from any broker-dealers. In the future, we may use a broker where such broker, a division or affiliate of the broker referred or may refer investors to our client or the feeder funds. This may give us an incentive to select those brokers that refer investors to our client. To avoid this potential conflict of interest, we select brokers based on the criteria set forth above and may enter into a separate referral or similar agreement with such broker so that the brokerage activities are separate from any client referral activities.

We currently have only one client. If we have multiple clients in the future, we will seek to aggregate the purchase or sale of the securities for the clients and then allocate the securities purchased (or sold) among the clients so that each client receives the same terms. We will also seek to execute orders for all participating clients on an equitable basis. If we decide to invest at the same time for more than one client, we will seek to place combined orders for all these clients simultaneously, and, if all these orders are not filled at the same price, we average the prices paid where applicable. Similarly, if an order on behalf of more than one client cannot be fully executed under current market conditions, we generally will seek to allocate the trade among the different participating clients on a pro rata basis. Generally, the client (and any future client accounts) can benefit when we aggregate trades because we get volume discounts on execution costs. It is important to recognize, that if we are to manage additional client accounts or in the future, situations may occur where one client could be disadvantaged because of the investment activities we conduct for other client accounts.

13. Review of Accounts

The fund manager will review our client's account at least once per month. In addition, our client's account will be reviewed on a more frequent basis as trading decisions are made in order to evaluate the composition of the account portfolio and further transactions that are appropriate within such portfolio.

The client's administrator will provide the investors in the feeder funds with monthly reports of their net asset value. Such investors will have access to the monthly reports in writing. In addition, such investors will receive audited financial statements of applicable feeder fund annually.

14. Client Referrals and Other Compensation

Individuals or companies may be compensated for referrals provided they are registered broker/dealers or investment advisors eligible to receive compensation for investor referrals.

15. Custody

While it is our practice not to accept or maintain physical possession of any client assets, we are deemed to have custody of the client's assets under Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended, because we have the authority to access our client's funds and deduct fees and expenses from our client's accounts.

In order to comply with Rule 206(4)-2, we utilize the services of a bank or qualified custodian (as defined under Rule 206(4)-2) to hold all client assets. The custodian sends

monthly statements to the client. The client should carefully review these statements. In accordance with Rule 206(4)-2, we also (1) engage an outside auditor to audit the client's accounts at the end of each fiscal year and (2) distribute the results of the audit in audited financial statements that are prepared in accordance with generally accepted accounting principles to all investors in the feeder funds as soon as practicable after the end of the fiscal year.

16. Investment Discretion

Our investment advisory contract with the client contains language whereby the client grants us broad discretionary power to manage the account. We adhere to the investment strategy set forth in the feeder funds' offering documents.

All investors in the feeder funds are provided a private placement memorandum that sets forth, in detail, the client's investment strategy and program. By completing subscription documents to acquire a limited partner interest or shares in a feeder fund, investors execute a power of attorney and give us complete authority to manage their investments in accordance with the relevant offering documents.

17. Voting Client Securities

In limited circumstances, our client may hold securities for which we have an opportunity to exercise voting rights. It is our policy to exercise such voting authority in the manner which we believe will maximize value for the client holding such securities. As holding voting equity securities of an issuer is not a primary focus of our investment strategy, there may be circumstances where we determine that our client's position is immaterial relative to the outstanding securities of the issuer and that it is in our client's best interest to abstain. If a proxy vote creates a potential material conflict between our interests and the interests of our client, we will resolve the conflict before voting the proxy either by obtaining the consent of the client or taking other reasonable steps to minimize the impact of the conflict. Upon request, our client or any of the investors in our client can obtain (1) a copy of our proxy voting policies and procedures and (2) information concerning proxy votes on its behalf.

18. Financial Information

We are not aware of any financial condition that is reasonably likely to impair our ability to meet contractual commitments to our client.