

AlphaHedge Brochure

(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of AlphaHedge Capital Partners, LLC. If you have any questions about the contents of this brochure, please contact us at: 855-257-4243, or by email at: kbonniwell@alphahedge.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 AlphaHedge Capital Partners, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

AlphaHedge Capital is a registered investment adviser with the SEC. SEC registration neither implies nor asserts that the SEC nor any state securities authority has approved or endorsed AlphaHedge or the contents of this disclosure. In addition, SEC registration does not carry any official imprimatur or indication AlphaHedge Capital has attained a particular level of skill or training.

March 28, 2012

Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the AlphaHedge Brochure.

Material Changes since the Last Update

The material changes to this brochure include providing additional clarification to the fee calculation methodology, expanding the types of separate accounts made available by AlphaHedge to include multi-strategy accounts, and revising the terms used in this brochure to match the terminology used in client agreements. Lastly, this brochure has been updated to attach the referenced exhibit that explains materials risks involved with the program.

Full Brochure Available

Whenever you would like to receive a complete copy of our AlphaHedge Brochure, please contact us by telephone at: 855-257-4243 or by email at: kbonniwell@alphahedge.com.

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Advisory Business

AlphaHedge Description

AlphaHedge Capital Partners, LLC ("AlphaHedge") was founded in 2011. It is registered with the SEC as an investment adviser.

AlphaHedge contracts with investment advisory firms ("Advisors") to provide investment advisory services in connection with investment programs. The Advisors, in turn, provide their clients, such as yourself and others who may be high net worth individuals, pension and profit sharing plans, trusts, estates and other institutional clients access to AlphaHedge's investment program (the "Program").

Your Advisor may give you an investment questionnaire to collect financial information from you, so he or she can assist you in establishing appropriate investment goals, objectives and an investment policy for your investment portfolio(s) ("Investment Questionnaires"). In general, once you and your Advisor determine which investment choices best suit your needs, the Advisor will submit the necessary paperwork to AlphaHedge.

The AlphaHedge Program was developed to provide you with access to the expertise of third-party investment management firms that either trade some or all of the assets in your accounts under the Program ("Accounts") directly ("Sub-Advisors") or that provide model portfolios to AlphaHedge ("Model Providers"). When Model Providers are utilized, AlphaHedge will be your discretionary investment adviser, as described in more detail below. Currently, all Sub-Advisors and Model Providers are independent from AlphaHedge and its affiliates. Sub-Advisors will generally conduct security selection for individual accounts for which they have responsibility. In contrast, Model Providers will provide security selection recommendations to AlphaHedge based on client accounts on an aggregated (not individualized) basis.

Based on your information collected in the Investment Questionnaire, your Advisor will formulate an asset allocation proposal and identify the investment strategy(ies) and Sub-Advisor(s) and Model Provider(s) that your Advisor believes are appropriate for your investment account(s). Generally, your Advisor will present you with a written investment proposal. Your Advisor will ask you to accept and approve this investment proposal. As part of the acceptance and approval process, and by signing the Client Agreement (defined below), you provide discretionary trading authority to AlphaHedge and/or the selected Sub-Advisor. In some instances, if authorized in your Client Agreement, AlphaHedge and a Sub-Advisor may share discretionary trading authority.

When Model Providers are selected, AlphaHedge will act as the discretionary portfolio manager for your Account. AlphaHedge will engage one or more Model Providers that will provide one or more model portfolios and ongoing

updates based on an aggregated view of client Accounts to AlphaHedge. AlphaHedge, as the discretionary portfolio manager, has the authority to reject a particular security recommendation.

If a client desires to select more than one strategy, the client may elect to open two or more separate Accounts. In the future, AlphaHedge make available the option to select a multi-strategy account ("MSA") option.

AlphaHedge does not provide clearing or custody services for any clients.

Principal Owners

AlphaHedge is organized as a Delaware limited liability company. AlphaHedge is principally owned by Kent Bonniwell, an Executive Officer and the Chief Compliance Officer of AlphaHedge, and Persimmon Capital Management LP, an investment adviser registered with the SEC ("PCM"). PCM is, in turn, principally owned by Gregory Horn, an Executive Officer of AlphaHedge.

Types of Advisory Services

AlphaHedge provides investment supervisory services, also known as investment management services ("Investment Management Services"). This means that AlphaHedge provides its clients with regular and continuous investment advice which is particularly tailored to that client's investment needs.

The investment advisory services that AlphaHedge provides may include the following:

- reviewing your investment objectives and goals as identified to AlphaHedge by your Advisor.
- suggesting specific Sub-Advisors and Model Providers.
- evaluating and researching certain Sub-Advisors and Model Providers.
- hiring and firing Sub-Advisors and Model Providers.
- reporting and reviewing the performance of certain Sub-Advisors and Model Providers and their other investment vehicles.
- providing access to clearing, custody, and other brokerage services.

As previously stated, AlphaHedge provides access to individual Sub-Advisors that are responsible for the day-to-day investment decisions in the client's Account. When Model Providers are utilized, AlphaHedge will be responsible for the day-to-day investment decisions in the client's Account. Currently, the Sub-Advisors and Model Providers are independent from AlphaHedge and its affiliates. AlphaHedge continuously researches, or engages PCM to research, investment managers of all styles and strategies that are recommended to clients. These Sub-Advisors and Model Providers will represent various long/short equity hedged investment strategies and styles, which may include large cap, mid-cap, small cap, developed and emerging

market international equities, various arbitrage strategies and other non-traditional asset classes such as managed futures. AlphaHedge strives to recommend superior Sub-Advisors and Model Providers within asset classes to clients to carry out the investment objectives for each specific asset strategy incorporated in the investment policy.

A client may put reasonable restrictions on the types of securities to be bought and sold in his or her Account. However, AlphaHedge or the Sub-Advisor may determine that it cannot accept the requested restriction, in its sole discretion.

AlphaHedge is newly organized and, as of March 1, 2012 had \$1 million of assets under management.

Client Agreements

The typical client relationship is defined in a three party investment management agreement among the client, AlphaHedge and the Advisor (the "Client Agreement"). The Client Agreement will set forth the rights and responsibilities of each of the parties, including the fees to be paid to AlphaHedge. From the fees AlphaHedge receives, it will pay PCM and the relevant Sub-Advisor(s) and Model Provider(s). Fees for the Advisor and other service providers (e.g., the custodian) are payable separately.

In general, AlphaHedge will be responsible for the following: evaluating and researching Sub-Advisors and Model Providers; hiring and firing Sub-Advisors and Model Providers; and reporting and reviewing the performance of certain Sub-Advisors and Model Providers.

The Advisor will generally be responsible for: evaluating the investment objectives and strategies of the client and determining the appropriate investments for the client's account(s); and providing regulatory-required documents to the client, including the Form ADV Part 2, Supplements and the Privacy Notice of AlphaHedge and the Sub-Advisors.

Client Agreements may not be assigned without client consent. Transactions that do not result in a change of actual control or management of AlphaHedge shall not be considered an assignment by AlphaHedge.

Termination of Client Agreement

A client may cancel their Client Agreement within five (5) business days of execution of the Client Agreement without penalty. A client may terminate their Client Agreement upon thirty (30) days' notice to the Advisor.

AlphaHedge may terminate a Client Agreement upon thirty (30) days' notice to the Advisor and client in writing.

Upon termination of a Client Agreement, AlphaHedge will refund any unearned portion of the advance payment.

Upon notice of termination of a Client Agreement, AlphaHedge will in turn notify the appropriate Sub-Advisors. AlphaHedge, when it retains discretionary trading authority, or the relevant Sub-Advisors will be responsible for liquidating and/or transferring the portfolio securities and remitting the proceeds.

AlphaHedge will await further instructions from the client as to what steps client requests to liquidate and / or transfer the portfolio securities and remit the proceeds. When AlphaHedge receives instructions from the client, AlphaHedge will notify the client's custodian, broker-dealer and others to liquidate and/or transfer all or a portion of the portfolio.

Fees and Compensation

Description

In general, AlphaHedge charges both an asset-based fee ("Base Fee") and a performance fee ("Performance Fee"). In addition, Client's are responsible for any fees payable to their Advisor and certain other fees and expenses (as described below).

Client shall compensate AlphaHedge for its services in accordance with the fee schedule set forth in the Client Agreement. The fee schedule may be modified or changed by AlphaHedge upon 30 days' written notice to the client.

Base Fee

The Base Fee is calculated on a percentage of assets under management and may vary depending upon the strategies selected. The Base Fee is paid in advance on a quarterly basis.

Assets Under Management

Base Fee

(Billed/Deducted Quarterly)

>\$250,000

1.0% to 2.0%

You will pay an initial portion of the Base Fee after the date that Custodian receives the initial assets for your Account(s) as well as for any additional net contributions. You will pay for that portion of the ongoing Base Fee that relates to the number of days remaining in the calendar quarter as of the date that your Account(s) become subject to this Agreement. This Base Fee will be based on the total market value of the Assets in your Account(s) on that date.

Adjustments or refunds to the Base Fee will be made only with respect to net partial withdrawals that you may make during any calendar quarter if such net

withdrawals exceed twenty five percent (25%) of the market value of your Account(s) as of the last day of the prior quarter. As noted above, the minimum withdrawal amount from an Account is \$25,000.

After the initial billing period for an Account, your Base Fee will be payable in advance for the following quarter. This Base Fee will be based on the total market value of the assets in your Account(s) on the last business day of the prior calendar quarter.

If a Client Agreement is terminated for any reason, that portion of the Base Fee that relates to the amount of days remaining in the quarter after the date of termination will be refunded to the client.

Performance-Based Fee

In addition to the Base Fee, AlphaHedge will, when applicable, charge a performance fee that is calculated based on any gains or appreciation of the assets under management ("Performance Fee"). The Performance Fee, if earned, will be calculated as set forth in the Client Agreement. Performance Fees will range between 10% and 20%, depending on the Strategies, Sub-Advisers and Model Providers utilized. The actual Performance Fee level for a particular Account will be as set forth in the Client Agreement, as such may be amended from time to time.

At the end of each calendar year, upon any withdrawals from a client's Account(s), and upon closing of a client's Account(s), client Account(s) will be subject to a Performance Fee that will be assessed in an amount equal to the applicable percentage (set forth in the relevant Client Agreement) of the net gains, if any.

Performance fees are calculated separately for each series of contributions made to an Account(s). For example, an initial contribution to an Account would be "series 1," the next contribution would be "series 2," etc. Performance Fee calculations will be made using the FIFO method (first-in, first out) from the relevant series. Therefore, due to the timing of a Client's investments, it is possible that one series may be subject to a Performance Fee while another series is not.

For each series, net gain and net loss will be determined on an accrual basis and will include net realized and unrealized gains or losses. Net gains will also be subject to a "loss carryforward" mechanism that will establish a "high watermark" threshold that must be exceeded for the Performance Fee to be assessed on the relevant assets. Each time a Performance Fee is assessed, a new high watermark will be established for the relevant series.

Performance fees will not be reflected on custody statements until paid from the Client's account(s).

Fee Billing/Fair Market Value

Fees are usually deducted from a designated brokerage/custody account to facilitate billing. The client must consent in advance to direct debiting of their brokerage/custody account.

The value of the series of a Client's initial investment in an Account (series 1) will be based on the value on the date that Custodian receives the initial assets for that Account. For each subsequent contribution, the initial value of the corresponding series in an Account will be based on the value on the date that Custodian receives the additional contribution to that Account.

Fair market value for purposes of computing the amount of compensation, if any, to AlphaHedge, shall be determined by valuing the assets as follows:

- (1) Cash and cash equivalents shall be valued at face amount.
- (2) Notes, bonds and other debt instruments' current market value shall be determined on the basis of market quotations, or, if such quotations are not readily available, market value will be determined based on coupon, maturity, rating, liquidity, industry factors, company factors, and management.
- (3) Common stock and other equity securities shall have a value equal to their respective closing prices as quoted by the New York Stock Exchange, American Stock Exchange, the NASDAQ system, or the relevant exchange on the last business day preceding the day on which fair market value is being determined.
- (4) Interest and dividends shall be accrued to the last business day preceding the day on which fair market value is being determined.
- (5) For all other securities, AlphaHedge will use methods designed to price securities at their fair market value.

Other Fees and Expenses

AlphaHedge's fees are separate from and do not include other fees and expenses, which include: the Advisor's fees or brokerage commissions, dealer spreads and other costs associated with the purchase or sale of securities, custodial fees, interest, taxes and other Account expenses. These other fees and expenses shall be the responsibility of the client. Client acknowledges that when Account assets are invested in shares or units of investment vehicles, those assets will be included in calculating the value of the client's account for purposes of computing AlphaHedge's fees and the same assets also will be subject to fees and expenses assessed by the

investment vehicles and indirectly paid by a client. A client's Account will be subject to the foregoing other fees and expenses regardless of whether portfolio investments are profitable.

AlphaHedge, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

Types of Clients

Description

AlphaHedge generally provides investment advice to qualified clients, high net worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations or other institutional clients. Each Client must qualify as a "qualified client" as defined under Rule 205-3 of the Investment Advisers Act of 1940.

In general, to be a qualified client, a the client must have at least \$1 million in assets under management with their Advisor immediately after entering into the Client Agreement or AlphaHedge reasonably believes the client has a net worth of more than \$2 million at the time the Client Agreement is entered into.

Account Minimums

AlphaHedge imposes a minimum account size of \$250,000. This minimum account size may be waived or reduced by AlphaHedge in its sole discretion.

Methods of Analysis, Investment Strategies and Risk of Loss

One of the main methods of analysis and sources of information is the proprietary due diligence directed by AlphaHedge and conducted by PCM's Research Department. This due diligence of Sub-Advisors and Model Providers may include, but not be limited to: on-site visits to certain Sub-Advisors and Model Provider offices, interviews with investment, trading and operations personnel and senior management, and analysis of client accounts in AlphaHedge Programs.

In addition, AlphaHedge may review regulatory filings, as well as analysis and statistics written or compiled by government agencies, trade groups or professional associations. Accounts for which Model Providers are utilized will normally be traded in accordance with recommendations provided by the

unaffiliated third-party Model Providers. A Model Provider's recommendations are based on an aggregated view of client account holdings assigned to that Model Provider.

It is important to remember that there are risks inherent in any investment, including the loss of principal, which you should be prepared to bear. There is no assurance that any asset class, investment strategy or index will provide positive performance over time. Asset classes and/or other investment strategies not used by AlphaHedge, a Sub-Advisor or recommended by a Model Provider may exhibit similar or superior characteristics and performance than those that are included.

Limited Operating History. AlphaHedge is a recently formed entity with a limited operating history upon which clients may evaluate the expertise of its principals and the profitability of its executed investment strategies. The past performance of Mr. Bonniwell and/or Mr. Horn with regard to other business ventures is not an indication of the future success of any current or future account he may advise. There can be no assurance that AlphaHedge will achieve the client's investment objective or that the strategies described herein will be successful.

Management Risk. Sub-Advisors provide investment advice to client Accounts based on their investment skills and analytical abilities. Similarly, Model Providers investment advice to AlphaHedge based on their investment skills and analytical abilities. There is no assurance that investment advice provided in the Program will be successful. Subjective decisions made by AlphaHedge, a Sub-Advisor or Model Provider may cause a client to incur losses or miss profit opportunities.

When AlphaHedge retains investment discretion, AlphaHedge's general investment policy is to implement the current model portfolio (for new accounts) and model recommendation updates received from the Model Providers as soon and as closely as possible. In doing so, it means that the management risk is primarily based on the underlying Model Provider's investment determinations, not AlphaHedge's. AlphaHedge generally makes decisions of when and how to implement model portfolios and updates with a view to minimizing the risk of deviating from the risk/return profile of the model portfolio. AlphaHedge may deviate from the model portfolio in order to implement account specific mandates such as tax management and restrictions. In doing so, AlphaHedge may introduce additional management risk to the relevant accounts.

AlphaHedge seeks to control the management risk it creates through periodic reviews of tracking error and dispersion.

Investment and Market Risk. Recommendations are subject to investment risk, including the possible loss of the entire principal amount invested. A recommendation to invest in securities and other instruments may also involve market risk, which is the risk that the value of these positions, like

other market investments, may move up or down, sometimes rapidly and unpredictably. Recommended investments at any point in time may be worth less than the original investment, even after taking into account any reinvestment of distributions.

Information Risk. AlphaHedge's advice is based primarily on information received from Model Providers and other third parties. Therefore, AlphaHedge's advice relies significantly on the accuracy and completeness of the information provided by such persons and the skill and analytical ability of the Model Providers. In addition, Model Providers typically have other discretionary clients for whose accounts they may trade before, at the same time or after AlphaHedge and other non-discretionary clients which may be seeking to implement their recommendations at or about the same time as AlphaHedge. In addition, Model Providers and AlphaHedge may place trades in different lot sizes over differing periods in their respective attempts to reach a particular goal. Thus, timing and trading differences introduced by AlphaHedge may cause greater performance deviation. AlphaHedge seeks to control this risk by seeking to implement model portfolios as soon as practical and also by internal reviews, including periodic reviews of the timing of model implementation and tracking error by AlphaHedge's investment committee.

AlphaHedge also relies on other types of information from third parties, including risk data for individual securities and securities pricing data. Although AlphaHedge believes this information to be accurate and complete, AlphaHedge does not independently verify all information.

Leverage Risk. Sub-Advisors may use and Model Providers may recommend use of leverage as part of their investment strategies, which may expose your account to great risk. If leverage is used and the investment moves against the position taken by the Sub-Advisor or recommended by the Model Provider, the client's loss will be much greater than it would have been if the investment had not been leveraged.

Conflict of Interest Risk. AlphaHedge will receive a Performance Fee for assets advised by a Sub-Advisor or invested according to a Model strategy based upon the appreciation, if any, in the net assets of the relevant accounts. AlphaHedge will provide the majority of any such performance fees to the Sub-Advisors and Model Providers. Therefore, the Performance Fee theoretically may create an incentive to make investments that are riskier or more speculative than would be the case if such arrangement were not in effect. In addition, because the Performance Fee is calculated on a basis which includes unrealized appreciation, it may be greater than if such compensation were based solely on realized gains. AlphaHedge attempts to control this risk by monitoring account holdings for adherence to their relevant investment strategies and guidelines.

Please refer to Exhibit A for more information about some of the risks associated with the investments expected to be employed by Sub-Advisors and recommended by Model Providers.

Sub-Advisor/Model Provider Selection Process

The factors AlphaHedge considers when selecting a Sub-Advisor or Model Provider for inclusion in the Program include, but are not limited to the following: generation of “alpha,” assets under management/capacity, number of holdings, investment style, investment approach, investment implementation review, Sub-Advisor’s/Model Provider’s background, Sub-Advisor’s/Model Provider’s growth plans, Sub-Advisor’s/Model Provider’s commitment to the portfolio, stability and depth of investment personnel, performance composite criteria, business continuity/disaster recovery planning, compliance, investment performance, portfolio risk statistics relative to the benchmark and peers and portfolio holdings.

AlphaHedge has engaged PCM to provide certain due diligence services. In particular, PCM will screen the universe of possible sub-advisors and model providers, perform due diligence analyses of certain potential candidates, and make recommendations to AlphaHedge. PCM will also provide ongoing due diligence and monitoring of existing Sub-Advisors and Model Providers, and provide reports to AlphaHedge. AlphaHedge retains sole authority to engage, retain or terminate a particular Sub-Advisor or Model Provider from the Program.

Description of the Investment Strategies

A high-level description of each asset class that may be used by a Sub-Advisor or recommended by a Model Provider is provided below.

Equity Securities

U.S. large-cap long/short equity: Seeks to provide long and short market exposure to the equities of U.S. large capitalization companies. This strategy may also include options and futures contracts for tactical and hedging purposes.

International long/short equity: Seeks to provide long and short market exposure to the equities of non-U.S. developed market companies. This strategy may also include options and futures contracts for tactical and hedging purposes.

Global long/short equity: Seeks to provide long and short market exposure to the equities of developed market companies globally. This strategy may also include small and mid-cap equity exposure and options and futures for tactical and hedging purposes.

U.S. all cap long/short equity: Seeks to provide long and short market exposure to the equities of U.S. companies of all market capitalizations. This

strategy may also include options and futures for tactical and hedging purposes.

U.S. small/mid-cap long/short equity: Seeks to provide long and short market exposure to the equities of U.S. mid-capitalization companies. This strategy may also include options and futures contracts for tactical and hedging purposes.

U.S. small-cap long/short equity: Seeks to provide long and short market exposure to the equities of U.S. small capitalization companies. This strategy may also include options and futures contracts for tactical and hedging purposes.

Emerging markets long/short equity: Seeks to provide long and short market exposure to the equities of non-U.S. emerging markets companies. This strategy may also include options and futures contracts for tactical and hedging purposes.

Sector long/short equity: Seeks to provide long and short market exposure to equities of domestic and/or global companies that concentrate on specific market sectors and themes. This strategy seeks to take advantage of investment opportunities as a result of macro-economic developments.

Commodities long/short: Seeks to provide long and short exposure to commodities, including agricultural, energy and metals. This allocation is used to provide diversification, as well as a potential hedge against future inflation.

Model Providers

As referenced above, AlphaHedge provides you with access to investment model recommendations generated by Model Providers. AlphaHedge enters into agreements with third-party Model Providers regarding the provision of the investment models. Model Providers do not receive information regarding your circumstances, financial condition, tax situation, regulatory status or financial needs or goals. Model Providers may receive information regarding your identity and individualized portfolio holdings. Model Providers will receive an aggregated view of all client account assets that are assigned to the Model Provider. Except for the provision of the relevant investment model(s) and updates thereto, a Model Provider has no obligation for the provision of advice specifically to you.

Model Providers are not responsible for determining the appropriateness or suitability of investment model(s), or of any of the securities included from time to time in the investment model(s), for you specifically. Notwithstanding the foregoing, you and your Advisor should review each relevant Model Provider's ADV Part 2 or alternative disclosure document.

Once a particular Model Provider notifies AlphaHedge of model portfolio change recommendations, AlphaHedge will make corresponding changes to your portfolios at its sole discretion. AlphaHedge reserves the right to not accept a particular Model Provider recommendation. For example if a security

is subject to one of your restrictions, AlphaHedge will not purchase that security for your account. As a result of the timing of model change notifications and AlphaHedge's processes, however, Model Providers may affect trades on behalf of their other clients' accounts before, at the same time as, or after AlphaHedge effects corresponding trades in your account. Therefore, in connection with model portfolio changes, due to the potential for the markets to react to the trades effected by the Model Providers, you may be at a disadvantage when compared to Model Providers' other clients with respect to such trades.

Disciplinary Information

Legal and Disciplinary

AlphaHedge and its investment adviser representatives have not been involved in legal or disciplinary events related to past or present investment clients.

Other Financial Industry Activities and Affiliations

Financial Industry Activities

AlphaHedge does not engage in any other business other than that of an investment adviser.

Financial Industry Affiliations

One of the owners of AlphaHedge is Persimmon Capital Management LP ("PCM"). PCM is an investment adviser registered with the SEC. PCM manages limited partnerships and/ or limited liability companies. Clients of AlphaHedge are not solicited to invest in any of those limited partnerships and/or limited liability companies.

Clients of AlphaHedge may also be clients of PCM.

As noted above, PCM will provide certain due diligence services for AlphaHedge. In particular, PCM will screen the universe of possible sub-advisors and model providers, perform due diligence analyses of certain potential candidates, and make recommendations to AlphaHedge. PCM will also provide ongoing due diligence and monitoring of existing Sub-Advisors and Model Providers, and provide reports to AlphaHedge. AlphaHedge retains sole authority to engage, retain or terminate a particular Sub-Advisor or Model Provider from the Program.

PCM will be compensated by AlphaHedge for its services.

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

Code of Ethics

The employees of AlphaHedge have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. Please contact Kent Bonniwell at 855-257-4243 to request a copy of the Code of Ethics.

Participation or Interest in Client Transactions

AlphaHedge and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the AlphaHedge *Compliance Manual*.

Personal Trading

The Chief Compliance Officer of AlphaHedge is Kent Bonniwell. He reviews all employee trades each quarter. His trades are reviewed by Gregory Horn. The personal trading reviews ensure that the personal trading of employees do not provide any advantages to employees, and that clients of AlphaHedge receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

Brokerage Practices

Selecting Brokerage Firms

AlphaHedge does not have any affiliation with product sales firms. Specific custodian recommendations are made to clients based on their need for such services. AlphaHedge recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates. As a newly organized investment advisor, AlphaHedge currently has established operational relationships with a limited number of brokerage firms, but the number of such firms is expected to grow over time.

AlphaHedge does not maintain custody of client assets that AlphaHedge manages, although AlphaHedge may be deemed to have custody of client assets if a client gives AlphaHedge the authority to withdraw assets from the client's account. A client's assets must be held at a "qualified custodian," generally a broker-dealer or bank.

AlphaHedge seeks to recommend a custodian/broker who will hold a client's assets and execute transactions on terms that are, overall, most

advantageous when compared to other available providers and their services. AlphaHedge considers a wide range of factors, including, among others:

- Capability to execute, clear, and settle trades (buy and sell securities for a client's account)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc)
- Availability of investment research and tools that assist AlphaHedge in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate prices
- Reputation, financial strength and stability
- Prior service to AlphaHedge and other clients
- Availability of other products and services that benefit AlphaHedge.

Currently, AlphaHedge does not accept directed brokerage requests (i.e., for purpose of receiving soft dollars) from clients.

Best Execution

Where AlphaHedge has discretionary trading authority for assets in an Account, AlphaHedge reviews the execution of trades at each custodian on a periodic basis. The review requirement is documented in AlphaHedge's *Compliance Manual*. Trading fees charged by the custodians are also reviewed on a quarterly basis. AlphaHedge does not receive any portion of the trading fees.

Sub-Advisor/Model Provider changes

AlphaHedge may change the Sub-Advisors and Model Providers used to manage the assets in your Account without receiving instructions signed by you in each case. AlphaHedge will notify you of any Sub-Advisor or Model Provider changes that impact your account.

Order Aggregation

Where AlphaHedge has discretionary trading authority over assets in an account, transactions for each client may be effected independently, unless

AlphaHedge decides to purchase or sell the same securities for several clients at approximately the same time. AlphaHedge may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among AlphaHedge’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among AlphaHedge’s clients pro rata to the purchase and sale orders placed for each client on any given day. AlphaHedge will not receive any additional compensation as a result of the aggregation of orders.

For trading conducted by Sub-Advisors, the relevant Sub-Advisor’s Form ADV Part 2 will set forth their brokerage practices.

Soft Dollars

AlphaHedge does not receive research or other products or services other than execution from a custodian/broker or a third party in connection with client securities transactions (“soft dollar benefits”).

Cross Trades

AlphaHedge may engage in cross trades among client accounts. It is AlphaHedge’s policy to engage in cross trades only in such instances where AlphaHedge will not receive any compensation (other than its Base Fee and Performance Fee) in connection with such cross trades. AlphaHedge’s policy with respect to cross-trades is designed to ensure that each client will be treated fairly and will not favor any client over another and ensure that the decision to cross a trade for each client is based on individual advice to that client.

Review of Accounts

Periodic Reviews

A detailed review is performed at least quarterly and includes an analysis of each portfolio’s asset composition, investment style analysis and sector weightings.

Additional Reviews

Other conditions that may trigger a review are changes in the tax laws, new investment information, market events, and changes in a client's own situation reported to AlphaHedge.

Regular Reports

Clients will receive a quarterly statement from the qualified custodian showing the change in account value, asset composition, investment holdings and transaction detail. In addition, cost basis will be provided for taxable accounts. Annually clients will be provided a year-end gain/loss report and Form 1099. Reports from the qualified custodian will not reflect any Performance Fees until deducted from the account.

Clients may receive account performance reports from AlphaHedge or their Advisors.

Client Referrals and Other Compensation

Referrals

AlphaHedge does not accept or pay referral fees or any form of remuneration from or to other professionals for client referrals.

Other Compensation

AlphaHedge does not receive any other compensation or economic benefit from any person for providing investment advisory services to clients. AlphaHedge compensates PCM for the Model Provider and Sub-Advisor due diligence services it provides to AlphaHedge.

Custody

The qualified custodian maintains actual custody of the client's assets. Clients will receive account statements directly from the qualified custodian at least quarterly. The statements will be sent to the email or postal mailing address the client provided to the qualified custodian. Clients should carefully review those statements promptly.

With the exception of proxy voting as disclosed separately below, it is AlphaHedge's policy that it does not advise, initiate or take any other action on your behalf relating to securities held in the your account in any legal proceeding (including, without limitation, class actions, class action

settlements and bankruptcies). AlphaHedge does not file proofs of claim relating to securities held in your account and does not notify you or your custodian of class action settlements or bankruptcies relating in any way to such account. You should consult with your custodian and other service providers to ensure such coverage.

Investment Discretion

Discretionary Authority for Trading

AlphaHedge has discretionary authority to manage securities accounts on behalf of clients. If a Sub-Advisor is engaged to manage your Account, the Sub-Advisor will have discretionary trading authority over that Account. In addition, in some instances, AlphaHedge and a particular Sub-Advisor may both have discretionary trading authority over assets assigned to the Sub-Advisor.

The client approves the custodian to be used. AlphaHedge will negotiate the commission rates paid to the custodian. AlphaHedge does not receive any portion of the transaction fees or commissions paid by the client to the custodian.

Limited Power of Attorney

A limited power of attorney is a trading authorization for this purpose. Each Client Agreement appoints AlphaHedge as your agent and attorney-in-fact. When Sub-Advisors are utilized, each Client Agreement appoints each Sub-Advisor as your agent and attorney-in-fact.

Voting Client Securities

Proxy Votes

When so delegated by the Client, AlphaHedge, in partnership with its third party proxy voting provider, will vote proxies received in a manner that is reasonably expected to ensure that proxies are voted in the best interest of the Client. To do this, AlphaHedge has adopted the investment guidelines of Institutional Shareholder Services (“ISS”), its third party Proxy Service Provider. ISS guidelines address a broad range of issues, including board size and compositions, executive compensation, anti-takeover proposals, capital structure proposals and social responsibility issues and are meant to provide voting parameters on issues that arise most frequently. While these guidelines are intended to provide a benchmark for voting standards, votes that do not fall within the ISS recommendations are ultimately cast on a case-by-case basis, taking into account those factors that relate to the client’s investment and all other relevant facts and circumstances at the time of the vote.

In effecting AlphaHedge's policy to vote proxies in the best interest of clients, there may be occasions where the voting of such proxies may present an actual or perceived conflict of interest between a proxy vote and a relationship AlphaHedge may have with a company. In order to avoid the appearance of impropriety, in the event AlphaHedge or its affiliates has a conflict, proxies will be voted as recommended by the unaffiliated third party proxy voting service, ISS.

A Client may obtain a copy of the AlphaHedge's proxy voting policies and procedures as well as information on how proxies were voted for their account by contacting Kent Bonniwell at 855-257-4243.

AlphaHedge will not divulge actual voting practices to any party other than the Client or their representatives (or an appropriate governmental agency) because of proprietary and confidentiality concerns.

If a client instructs AlphaHedge in writing that the client will retain proxy voting authority, AlphaHedge will instruct the custodian to forward appropriate proxy materials to that client.

Financial Information

Financial Condition

AlphaHedge does not have any financial impairment that will preclude AlphaHedge from meeting contractual commitments to clients.

Business Continuity Plan

General

AlphaHedge has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

Information Security Program

Information Security

AlphaHedge maintains an information security program to reduce the risk that your personal and confidential information may be breached.

Privacy Notice

AlphaHedge is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

Pursuant to permission granted in each Client Agreement, AlphaHedge may provide your nonpublic information to third parties as may be necessary or desirable in order to provide the services set out in the Client Agreement or (b) as otherwise specifically permitted or required by applicable law,

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.

EXHIBIT A
Risks Associated with Certain Investments
that may utilized in the Program

Despite the analysis undertaken by AlphaHedge, the Sub-Advisors and Model Providers, it is important to remember that all investments carry at least some degree of risk. Risk may include loss of some, or even all, of your investment. No particular type of investment, or approach to investing, is guaranteed to perform well, and there may be other investment vehicles, portfolio managers or approaches not made available by AlphaHedge that may perform as well or better. You should consider these factors carefully before deciding to invest. The principal risks associated with the investment strategies expected to be available via the Program are outlined below. Individual investment strategies may be subject to additional risks.

Short Sales

Short sales involve speculative exposure risk. Client accounts may incur a loss as a result of a short sale if the price of the security increases between the date of the short sale and the date on which Account replaces the security sold short. Short sale transactions involve leverage because they can provide investment exposure in an amount exceeding the initial investment.

Leverage Risks

Sub-Advisors may use and Model Providers may recommend use of leverage as part of their investment strategies, which may expose client Accounts to great risk. Leverage may increase the risk of loss, cause fluctuations in the market value of the Client's portfolio to have disproportionately large effects or cause the market value of the assets in a Client's Account generally to decline faster than it would otherwise. If leverage is used and the investment moves against the position taken by the Sub-Advisor or recommended by the Model Provider, the client's loss will be much greater than it would have been if the investment had not been leveraged.

Alternative Investments and Derivatives

Alternative investments or derivatives are often more volatile than other investments and may magnify a client account's gains and losses. A derivative is a security or contract (futures, options etc.) the value of which fluctuates with the value of another security (i.e., its value is "derived" from the value of another). An example would be a call option on a stock. The value of the option depends, in part, on the price of the stock. An investment vehicle that uses derivatives could be negatively affected if the change in market value of its securities fails to correspond as expected to the underlying securities. You should have a long-term investment horizon if you are considering a Sub-Advisor or Model Provider that uses these types of investments.

Alternative investment products are not for everyone and entail risks that are different from more traditional investments. Alternative investment strategies are intended for sophisticated investors and involve a high degree of risk, including, among other things, the risks inherent in investing in securities and derivatives, using leverage, and engaging in short sales. An investment in an alternative investment product or strategy is speculative and should not constitute a complete investment program. Diversification and strategic asset allocation do not assure a profit or protect against loss in declining markets.

The potential for a commodity investment vehicle to use derivative instruments, such as futures, options, and swap agreements, to achieve its investment objective may create additional risks that would not be present in the underlying securities themselves, thus raising the potential for greater investment loss.

Convertible Arbitrage Strategies

Sub-Advisors and Model Providers may employ convertible arbitrage strategies seek to generate income by purchasing convertible securities and then selling short the securities' underlying stock. Investing in convertible securities involves risks, including the risk that the company issuing the debt security will be unable to repay principal and interest (default risk) and the risk that the debt security will decline in value if interest rates rise (interest rate risk). Convertible securities are subject to price fluctuations and may gain or lose value if sold prior to maturity. A majority of convertible securities trade on the over-the-counter market, which may make them more illiquid than other investments. Short selling involves significant risk, as an increase in the value of borrowed securities between the date of the short sale and date the borrowed security is replaced may expose the client's account to unlimited loss.

Covered Calls

Sub-Advisors and Model Providers may engage in the selling (or writing) of covered calls, which may involve a high degree of risk and may not be suitable for all investors. For a call option that is sold (written), if that option is exercised, the upside potential is limited to the premium received plus the difference between its stock price and the stock purchase price. If the option is not exercised and expires out-of-the-money and with no value, the upside potential is any gain in share value plus the premium received. On the downside, limited protection is provided by the premium received from the call's sale. The loss potential may be substantial and is limited only by the stock declining to zero.

Currency Carry Strategies

Sub-Advisors and Model Providers may employ currency carry strategies, and seek to benefit from changes in the relative valuations of one currency to another currency, primarily through the buying and selling of over-the-counter (OTC) derivatives, such as currency spot, forward and non-deliverable forward contracts. Currency carry strategies may involve significant risk, as there is no exchange on which to trade over-the-counter derivatives and no standardization of contracts, which may make it difficult or impossible

to value or liquidate an open position. The relationship between different currencies may be highly volatile, and transactions involving foreign currencies may entail risks not common to investments denominated entirely in a person's domestic currency. Such risks include the risks of political or economic policy changes in the foreign nation; the stability of foreign governments, banking systems and economies; the performance of global stock markets; interest rate levels; inflation; and any other conditions that may substantially and permanently alter the conditions, terms, marketability or price of a foreign currency. The market for some currencies may, at times, experience low trading volume and become illiquid, thus subjecting the client's account to added risk, including the potential for substantial loss.

Emerging Markets

Emerging markets tend to be more volatile and less liquid than the markets of more mature economies, and generally have less diverse and less mature economic structures and less stable political systems than those of developed countries. The securities of issuers located or doing substantial business in emerging markets are often subject to rapid and large changes in price. In particular, emerging markets may have relatively unstable governments, present the risk of sudden adverse government or regulatory action and even nationalization of businesses restrictions on foreign ownership on prohibitions of repatriation of assets, and may have less protection of property rights than more developed countries. The economies of emerging market countries may be based predominantly on only a few industries and may be highly vulnerable to changes in local or global trade conditions, and may suffer from extreme debt burdens or volatile inflation rates. Local securities markets may trade a small number of securities and may be unable to respond effectively to increases in trading volume, potentially making prompt liquidation of substantial holdings difficult. Transaction settlement and dividend collection procedures also may be less reliable in emerging markets than in developed markets.

Exchange Traded Funds (ETFs)

AlphaHedge's fees do not include fees or expenses that may be associated with individual ETFs, including, but not limited to, the ETF sponsor fee, the trustee fee, ETF custodian's fee, stock exchange listing fees, SEC registration fees, printing and mailing costs, audit fees, legal fees, licensing fees, marketing expenses and other operating expenses. There are special risks associated with ETFs, such as:

ETF shares are not individually redeemable.

The market price of ETF shares may differ from the net asset value.

An active trading market for ETF shares may not exist and if it does exist, it may not be maintained over time.

Trading of ETF shares may be halted by regulators under certain circumstances.

Certain ETFs may have elected to be treated as partnerships for federal, state and local income tax purposes. Accordingly, if you own one of these ETFs in your account, you will be taxed as a beneficial owner of an interest in a partnership. Tax information for such ETFs will be reported to you on an IRS Schedule K-1. You should consult your tax

advisor in determining the tax consequences of any investment, including the application of state, local or other tax laws and the possible effects of changes in federal or other tax laws.

Exchange-Traded Notes (ETNs)

ETNs are a type of senior, unsecured, unsubordinated debt security of the issuing company. This type of debt security differs from other types of bonds and notes because ETN returns are based upon the performance of a market index minus applicable fees, no periodic coupon payments are distributed and no principal protection exists. Similar to ETFs, ETNs are generally traded on a securities exchange. Investors can also hold the debt security until maturity. At that time, the issuer is obligated to give the investor a cash amount that would be equal to the principal amount times the applicable index factor less investor fees. The index factor on any given day is a mathematical equation equal to the closing value of the underlying index on that day divided by the initial index level. The initial index level is the closing value of the underlying index on the creation/inception date of the note.

One significant risk factor that affects an ETN's value is the credit of the issuer. ETNs are synthetic investment products that do not represent ownership of the securities of the indices they track, and are backed only by the issuer's credit. The value of the ETN may drop despite no change in the underlying index due to the adverse change in issuer's creditworthiness or in perceptions of the issuer's creditworthiness. Another significant risk factor affecting ETNs is liquidity. Upon issuance, the ETNs may not have an established trading market. There is no assurance that a trading market for the notes will develop or, if one develops, that it will be maintained. Although the issuers of the notes may apply to list certain issuances of notes on a national securities exchange, the notes may not meet the requirements. Even if there is a secondary market, it may not provide liquidity. While the issuers of the notes may make a market for the notes, they are not required to do so. If the notes are not listed on any securities exchange and the issuers of the notes were to cease acting as a market maker in the notes, it is likely that there would be no secondary market for the notes. All of these factors impact the overall liquidity of the notes and may impact the price received upon disposition of the notes.

Additional risks of investing in ETNs include limited portfolio diversification, price fluctuations, issuer default, uncertain principal repayment, and uncertain federal income tax treatment. Clients should consult their tax advisor regarding tax treatment. Investing in ETNs is not equivalent to a direct investment in an index or index components. The performance of the ETNs may vary from the actual performance of the underlying index and the performance of the underlying index components. By investing in ETNs, the owner does not have certain rights that investors in the underlying index or the underlying index components may have, such as stock voting rights. Upon sale or redemption of the ETN shares, the owner will be paid cash, and will have no right to receive delivery of any of the underlying index components or commodities or other assets underlying the index components. Similar to ETFs, ETNs have operating fees that will reduce the amount of return at maturity or on redemption, and as a result, the owner may receive less than the principal amount of its investment upon sale or redemption of an ETN, even if the value of the relevant index has increased.

Fixed Income

Investments in fixed income securities are subject to a number of risks, including the possibility of issuer default, interest rate risk, credit risk, market risk and call risk.

The foregoing risks could reduce the yield that you receive from your portfolio. These risks may occur from fluctuations in interest rates, a change to an issuer's individual situation or industry, or events in the financial markets.

Foreign Investments

Foreign investments are subject to risks not ordinarily associated with domestic investments, such as currency, economic, and political risks, and may follow different accounting standards than domestic investments.

Futures

Sub-Advisors and Model Providers that employ managed futures strategies typically utilize derivatives, such as futures, options, structured notes and swap agreements, which provide exposure to the price movements of a commodity (i.e., oil, grain, livestock) or a financial instrument (i.e., currency, index). This may expose the client's account to additional risks that would not be present had the account invested directly in the securities underlying those derivatives. Accounts that invest in commodity-linked derivatives may be subject to greater volatility, as the value of those derivatives may be affected by overall market movements, changes in interest rates and other factors such as weather, disease, embargoes and international economic and political developments, as well as the trading activity of speculators and arbitrageurs in the underlying commodities. This strategy may cause a client account to invest a significant portion of assets in the securities of a single issuer. Changes in the market value of the issuer's securities may result in greater volatility than would otherwise occur if a more diversified strategy were employed, thus increasing the potential for greater investment loss. A highly liquid secondary market may not exist for certain derivatives utilized by this strategy, and there can be no assurances that one will develop.

Global Infrastructure

Sub-Advisors and Model Providers may invest in global companies involved in utilities, energy and transportation infrastructure (collectively "Global Infrastructure") or the securities issued by such companies. For example, Global Infrastructure includes companies involved in the management or ownership of oil and gas storage and transportation; airport services; highways and rail tracks; marine ports and services; and electric, gas and water utilities. Global Infrastructure investments are subject to emerging markets risk due to greater market volatility, lower trading volume, political and economic instability, greater risk of a market shutdown and more governmental limitations on foreign investments than typically found in developed markets. In addition, because Global Infrastructure investments include energy companies, the value of the investments will be affected by the levels of volatility of global energy prices, energy supply and demand, capital expenditures on explorations and production, energy conservation efforts, exchange rates and technological advances.

GNMA Securities

Investments in GNMA securities involve fluctuation due to changing interest rates or other market conditions. Investors may experience a gain or loss due to prepayment of obligations and may receive back part of their investment before redemption.

High Yield Bonds

Certain strategies may invest to a limited extent in high yield bonds. High yield (“junk”) bonds involve greater credit risk, including the risk of default, than investment grade bonds, and are considered predominantly speculative with respect to the issuer’s ability to make principal and interest payments. The prices of high yield bonds can fall dramatically in response to bad news about the issuer or its industry, or the economy in general.

Inflation-Indexed Bonds

Certain strategies may invest in inflation-indexed bonds and other fixed income securities. Bonds are subject to a variety of risks including interest rate, credit, and inflation risk.

International Equity Small-Cap

Investments in international equity small-cap securities involve additional risks, including foreign currency risk, political instability, foreign legal and accounting practices, increased volatility, and reduced liquidity often associated with securities of smaller companies.

Long Short Positions

Sub-Advisors and Model Providers may employ the use of long and short positions, which may involve risks different from those normally associated with other types of investment vehicles, such as mutual funds. It is possible that a client account’s long positions will decline in value at the same time that the value of the securities sold short increases, thus raising the potential for greater investment loss. Market neutral investing, in using long and short positions, provides no guarantee that it will be successful in limiting a client account’s exposure to domestic stock market movements, capitalization, sector swings or other risk factors. Investment in a strategy involved in long and short selling may have higher portfolio turnover rates, which may result in additional tax consequences. Short selling involves certain risks, including additional costs associated with covering short positions and a possibility of unlimited loss on certain short sale positions.

Merger Arbitrage Strategies

Sub-Advisors and Model Providers that employ merger arbitrage strategies seek to capitalize on “event”-driven situations, such as announced mergers, acquisitions and reorganizations, by purchasing the securities of companies that have agreed to be acquired by another company. This strategy involves risks, including the risk that the merger or similar transaction will not occur, will be renegotiated at a less attractive price or may take longer than expected to be completed, which may cause the price of the company’s securities to decline significantly. Accounts employ merger arbitrage strategies may experience significant portfolio turnover, generally resulting in additional

transaction costs that may negatively impact client account performance. Client accounts may also invest in the securities of a limited number of companies whereby a decline in the value of any one security may have a greater impact on the mutual client's account value. This may result in increased volatility when compared to a more diversified investment strategy and the potential for greater investment loss.

Micro-Cap Securities

Micro-cap stocks may offer greater opportunity for capital appreciation than the stocks of larger and more established companies; however, they also involve substantially greater risks of loss and price fluctuations. Micro-cap companies carry additional risks because their earnings and revenues tend to be less predictable (and some companies may be experiencing significant losses), and their share prices tend to be more volatile and their markets less liquid than companies with larger market capitalizations. Micro-cap companies may be newly formed or in the early stages of development, with limited product lines, markets or financial resources, and may lack management depth. In addition, there may be less public information available about these companies. The shares of micro-cap companies tend to trade less frequently than those of larger, more established companies, which can adversely affect the pricing of these securities and the ability to sell these securities. In addition, it may take a long time before the value of your investment realizes a gain, if any, on an investment in a micro-cap company.

Mortgage-and Asset-Backed Securities

Investments in mortgage-and/or asset-backed securities involve risk, including the risk of prepayment, which may affect the overall return of the investment. Only select deposit products and investments are guaranteed by the Federal Deposit Insurance Corporation (FDIC), and the credit quality of a particular security or group of securities does not ensure the stability or safety of your overall portfolio.

Mutual Funds

AlphaHedge's fees do not include fees or expenses, which may be associated with individual mutual funds, including, but not limited to, redemption fees, 12b-1 fees, other fund expenses or other applicable regulatory fees.

Non-U.S. Fixed Income

Investments in non-U.S. fixed income securities involve additional risk, including interest rate risk, credit risk and market risk, which could reduce the yield that you receive from your portfolio. These are in addition to the risks associated with all fixed income securities, including interest rate risk, market risk and the possibility of issuer default.

Preferred Securities

Portfolios that invest in preferred securities are subject to certain risks, including interest rate risk, where a rise in interest rates may cause the value of preferred shares to decline significantly. Dividend payments are not guaranteed, and an issuer's decision to decrease or suspend dividend payments may adversely affect the value of its preferred shares. Redemption of shares due to maturity, conversion or call features may decrease the overall yield of the portfolio.

REITS

Investments in REITs are subject to many of the risks associated with direct real estate ownership and, as such, may be adversely affected by declines in real estate values and general and local economic conditions.

Small- and/or Mid-Cap Portfolios

Small and midsize companies carry additional risks because the operating histories of these companies tend to be more limited, their earnings and revenues less predictable (and some companies may be experiencing significant losses), and their share prices more volatile than those of larger, more established companies. The shares of smaller companies tend to trade less frequently than those of larger, more established companies, which can adversely affect the pricing of these securities and the strategy's ability to sell these securities. These companies may have limited product lines, markets or financial resources, or may depend on a limited management group. Some of the strategy's investments will rise and fall based on investor perception rather than economic factors. Other investments are made in anticipation of future products, services or events whose delay or cancellation could cause the stock price to drop.

Specific Sector or Industry

Account strategies that invest a significant portion of assets in one sector or industry, or in related industries, may involve greater risks, including greater potential for volatility, than more diversified strategies.

Treasury Inflation Protected Securities

Investments in Treasury Inflation Protected Securities involve liquidity risk and are subject to specific taxation obligations.