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PART 2A OF FORM ADV: FIRM BROCHURE

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This brochure provides information about the qualifications and business practices of Sabretooth Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at (212) 542-9180. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

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

Being a “registered investment adviser” or describing ourselves as being “registered” does not imply a certain level of skill or training.

THIS BROCHURE SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF ANY OFFER TO BUY ANY SECURITY.

Item 2 MATERIAL CHANGE

Not Applicable.

Item 3 TABLE OF CONTENTS

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Item 4 ADVISORY BUSINESS

Sabretooth Capital Management, LLC (“Sabretooth”) is a Delaware limited liability company that has been in the investment management business since March 16, 2009. Erez Kalir and Craig Perry are the managers and sole owners of Sabretooth.

Currently, Sabretooth advises seven funds, Sabretooth Onshore Fund, L.P. (“Sabretooth Onshore”), Sabretooth Offshore Fund, Ltd. (“Sabretooth Offshore”), Sabretooth Master Fund, L.P. (“Sabretooth Master Fund”, and together with Sabretooth Onshore and Sabretooth Offshore, the “Sabretooth Funds”), Sabretooth SRO Onshore Fund, L.P. (“SRO Onshore”), Sabretooth Systemic Risk Opportunities Fund, Ltd. (the “SRO Master Fund”, and together with SRO Onshore, the “SRO Funds”), Sabretooth Yang Onshore Fund, L.P. (“Yang Onshore”, and together with Sabretooth Onshore, Sabretooth Offshore and SRO Onshore, the “Feeder Funds”) and Sabretooth Yang Fund, Ltd. (the “Yang Master Fund”, together with Yang Onshore, the “Yang Funds”; together with the Sabretooth Master Fund and the SRO Master Fund, the “Master Funds”, and the Master Funds together with the Feeder Funds, the “Funds”). The Feeder Funds invest substantially all of their capital in the Master Funds, which act as the primary trading entities.

Sabretooth makes all investment decisions on behalf of the Funds including, without limitation, identifying, reviewing, and selecting investment opportunities for the Funds. Additionally, Sabretooth Capital Partners, LLC (the “General Partner”), an affiliate of Sabretooth, serves as general partner to, and provides certain administrative and management services to, Sabretooth Onshore, the Sabretooth Master Fund, SRO Onshore and Yang Onshore. Mr. Kalir and Mr. Perry are the managers and sole owners of the General Partner.

The investment objective of the Sabretooth Funds is to achieve superior risk-adjusted returns. Sabretooth employs a multi-asset class investment strategy with a global scope. The strategy involves in-depth study of global macroeconomic trends to derive investment implications or themes which, in Sabretooth’s view, are not appropriately priced by the market. The Sabretooth Funds are generally not limited in the type of securities or markets in which they may invest. The asset classes in which the Sabretooth Funds expect to invest mainly include equities, fixed-income (including distressed and performing credit), and options thereon (including credit default swaps), but also may include currencies, commodities, other types of derivatives, and other financial instruments selected by Sabretooth in its sole and absolute discretion.

The investment objective of the SRO Funds is to achieve superior returns in the event of a debt-driven bust in the global financial system. The SRO Funds’ strategy to achieve this investment objective entails identifying and trading instruments that, in Sabretooth’s judgment, are asymmetrically levered to a debt-driven crisis. The SRO Funds are generally not limited in the type of securities or markets in which they may invest, though they typically invest in derivatives (including futures, options, credit default swaps, and interest-rate derivatives), currencies, currency-linked products such as non-deliverable forwards, commodities, debt and equities.

The Yang Funds follow a substantially similar strategy as the SRO Funds, but with a focus on the economy of Japan.

There can be no assurance that the Funds will achieve their respective investment objectives, and investment results may vary substantially.

Sabretooth currently does not provide investment advisory services to clients apart from the Funds, although it and/or one or more affiliates may do so in the future.

As of January 1st, 2012, Sabretooth had approximately \$674,539,340.00 in assets under management, all managed on a discretionary basis.

Please see Items 8 (Methods of Analysis, Investment Strategies and Risk of Loss), 10 (Other Financial Industry Activities and Affiliations) and 14 (Client Referrals and Other Compensation).

Item 5 FEES AND COMPENSATION

Sabretooth receives a quarterly management fee (the “Management Fee”), calculated and payable in advance at an annualized rate ranging from 1% to 2% of the value of an investor’s investment in the Funds. The Management Fee is paid to Sabretooth by the Master Funds.

The Management Fee will be pro rated for amounts invested during any calendar quarter and for any quarter during which Sabretooth does not serve as the investment manager of a Fund for the entire quarter. In addition, in the event that an investor’s scheduled withdrawal or redemption date is not at the end of a calendar quarter, the Management Fee will be pro rated for amounts withdrawn as of such withdrawal or redemption date. Accordingly, in the event of an intra-quarter withdrawal as of a scheduled withdrawal or redemption date or where Sabretooth does not serve as the investment manager of a Fund for the entire quarter, Sabretooth will refund a pro rata portion of the Management Fee for such quarter to such investor without interest. However, no part of the Management Fee will be refunded in the event that an investor is permitted to withdraw or redeem on a date other than a scheduled withdrawal or redemption date.

Sabretooth may enter into written agreements to waive or vary the Management Fee as to particular investor, or may pay a portion of the Management Fee to certain investors.

The General Partner is entitled to receive an annual performance-based incentive allocation from the Sabretooth Funds (the “Incentive Allocation”) ranging from 17.5% to 20% of the increase in value of an investor’s investment in the Sabretooth Funds, if any, subject to a loss carryforward as described below. Certain investors in the Sabretooth Funds are charged an Incentive Allocation over a three-year period, rather than annually. With respect to such investors, the General Partner is required to restore funds to each such investor if and to the extent that it received an Incentive Allocation (net of all taxes) in respect of such investor during such three-year period in excess of the Incentive Allocation the General Partner would have received had the calculation period been the fiscal year. Additionally, certain investors in the Sabretooth Funds are only charged an Incentive Allocation to the extent that their investment increases in value above a hurdle rate of 5% (the “Hurdle Rate”).

Sabretooth is entitled to receive an annual performance-based incentive fee from the SRO Funds and the Yang Funds (the "Incentive Fee") equal to 15% of the increase in value of an investor's investment in the SRO Funds or the Yang Funds, as applicable, if any, subject to a loss carryforward as described below.

The Incentive Allocation and the Incentive Fee are generally calculated and allocated at the end of each fiscal year or upon a withdrawal or redemption occurring prior to the end of any fiscal year. The Incentive Allocation and the Incentive Fee are paid by the Master Funds.

The Incentive Allocation and the Incentive Fee are calculated subject to a loss carryforward whereby an investor in the Funds will not be subject to an Incentive Allocation or an Incentive Fee on an investment, unless the value of such investment (net of any losses, for all years since admission) exceeds the higher of the following amounts: (i) the highest value of such investment through the close of any year since admission; and (ii) the value of such investor's investment on the date of admission (the "Loss Carryforward"). Withdrawals or redemptions by an investor will result in a proportional reduction of any Loss Carryforward. To be clear, no Incentive Allocation or Incentive Fee is charged to an investor in the Sabretooth Funds during any period in which such investor suffers a decrease in the value of such investor's investment.

Increases and decreases in the Sabretooth Master Fund's net asset value due to the realization of any Side Pocket Investment and/or Follow-Up Investment (as defined below) will not be taken into account in determining the Incentive Allocation. However, when a Side Pocket Series is created, any net capital appreciation or net capital depreciation allocated to the investor's account corresponding to the participating Side Pocket Series will be taken into account in determining the Incentive Allocation with respect to the relevant investor's account and whether there is an addition to each related Loss Carryforward.

Upon the occurrence of a Realization Event (as defined below), all (or, if only a portion of the related Side Pocket Series can be withdrawn, a portion) of the applicable Side Pocket Series of the Sabretooth Master Fund will be reallocated back to the account of the investor from which the Side Pocket Series had been created within forty-five (45) days following such Realization Event net of any fees and expenses. If a Side Pocket Series is created at a time when an investor's account is subject to a Loss Carryforward, the amount of such Loss Carryforward will be proportionately reduced by the amount allocated from such investor's account to such Side Pocket Series, and the amount of such reduction (with respect to each Side Pocket Series, its "*Side Pocket Loss Carryforward*") will be allocated to such Side Pocket Series. If a Side Pocket Series is created at a time when a Capital Sub-Account is not subject to a Loss Carryforward, its Side Pocket Loss Carryforward shall equal zero. Each Side Pocket Series will be subject to a non-compounded, cumulative rate of return of 5% per annum, aggregated from year to year (beginning on the date such Side Pocket Series is created or deemed created and ending on the date of the applicable Realization Event) for all years in which such Side Pocket Series is in existence (with respect to each Side Pocket Series, its "*Side Pocket Hurdle Rate*"). If, upon the occurrence of a Realization Event with respect to a Side Pocket Series, the net asset value of such Side Pocket Series has increased above its Side Pocket Loss Carryforward and its Side Pocket Hurdle Rate, then such excess will be taken into account for purposes of calculating the Incentive Allocation (including, without limitation, decreasing any Loss Carryforward) with respect to the applicable investor's account to which such Side Pocket Series corresponds. For

the avoidance of doubt, such Loss Carryforward attributable to such investor's account will not be increased separately by a reversal of such Side Pocket Loss Carryforward. If, upon the occurrence of a Realization Event with respect to a Side Pocket Series, the net asset value of such Side Pocket Series has increased above its Side Pocket Loss Carryforward, but not above its Side Pocket Hurdle Rate, then such excess will not be taken into account for purposes of calculating the Incentive Allocation with respect to the applicable investor's account to which such Side Pocket Series corresponds. For the avoidance of doubt, the Loss Carryforward attributable to such investor's account will not be increased by a reversal of such Side Pocket Loss Carryforward. If, upon the occurrence of a Realization Event with respect to a Side Pocket Series, the net asset value of such Side Pocket Series decreases, or increases, but not above its Side Pocket Loss Carryforward (or, for the avoidance of doubt, its Side Pocket Hurdle Rate), then such decreases or increase, as the case may be, will be taken into account for purposes of calculating the Incentive Allocation with respect to the applicable investor's account to which such Side Pocket Series corresponds. In addition, the Loss Carryforward attributable to such investor's account will be increased by a reversal of its Side Pocket Loss Carryforward.

For the avoidance of doubt, any appreciation or depreciation attributable to the amount reallocated from a Side Pocket Series to a corresponding investor's account, occurring subsequent to such reallocation, will be taken into account for purposes of determining the Incentive Allocation with respect to such investor's account.

To the extent that any Side Pocket Series generates income (in the form of dividends or otherwise) other than on the occurrence of a Realization Event, the income will generally be combined with the Sabretooth Master Fund's other applicable income and gains for purposes of calculating the Incentive Allocation.

Sabretooth and the General Partner may enter into written agreements to waive or vary the Incentive Allocation or the Incentive Fee as to any particular investor, or may pay a portion of the Incentive Allocation to certain investors.

The Funds bear certain operating expenses, including, without limitation, expenses related to fees and expenses of third-party administrators, brokerage and futures commissions, interest on margin and other borrowings, borrowing charges on securities sold short, custodial fees, insurance premiums, legal, research, accounting and audit fees and expenses, market-data fees, tax-preparation fees, governmental fees and taxes, bookkeeping and other professional fees, costs of the Funds' reporting, costs of Fund governance activities (such as obtaining investor consents if and when necessary and appropriate) and all other reasonable expenses related to the management and operation of the Funds and/or the purchase, sale or transmittal of Fund assets. In addition, the Sabretooth Funds will bear the cost of travel and travel-related expenses in connection with the Sabretooth Funds' activities. The Funds will also bear the cost of offering interests or shares, as applicable, in the Funds. All expenses of the Master Funds are shared *pro rata* by the applicable Feeder Funds. All expenses incurred in the organization of the Funds are being reimbursed *pro rata* by the Funds, and are being amortized, in the case of the Sabretooth Funds, over a period of 60 months from the date the Sabretooth Funds commenced operations, and in the case of the SRO Funds and the Yang Funds, over a period of 24 months from the date each commenced operations.

None of Sabretooth or its principals, members, managers, directors, officers or employees (collectively, “Supervised Persons”) accepts any compensation for the sale of securities or other investment products, including interests in the Funds.

The fees and expenses charged to clients in the future may be the same as or different than the fees and expenses described herein.

Please see Items 6 (Performance-Based Fees and Side-By-Side Management) and 10 (Other Financial Industry Activities and Affiliations).

Item 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Sabretooth only manages the Funds, which are subject to the Incentive Allocation and the Incentive Fee, as applicable. Please see Item 5 (Fees and Compensation) above. Sabretooth does not currently manage any funds or other accounts that are subject to any other type of fee. However, Sabretooth may, in the future, manage additional funds or accounts with higher or lower fees, and different fee structures, than the Funds. Please see Item 10 (Other Financial Industry Activities and Affiliations).

Item 7 TYPES OF CLIENTS

Currently Sabretooth only advises the Funds, although it may provide investment advice to other parties in the future, including other pooled investment vehicles, separately managed accounts and other types of investors.

Item 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Sabretooth Funds:

Sabretooth employs a multi-asset class investment strategy with a global scope. The strategy involves in-depth study of global macroeconomic trends to derive investment implications or themes which, in Sabretooth’s view, are not appropriately priced by the market. Guided by these themes, Sabretooth performs detailed security analysis across asset classes to identify instruments with favorable asymmetric payoffs. Sabretooth defines asymmetric opportunities as those in which the downside is estimable and the upside is a multiple of the downside on a probability-adjusted basis.

There are no restrictions on the markets or securities in which the Sabretooth Funds may invest. The asset classes in which the Sabretooth Funds expects to invest mainly include equities, fixed-income (including distressed and performing credit), and options thereon (including credit default swaps), but also may include currencies, commodities, other types of derivatives, and other financial instruments selected by Sabretooth in its sole and absolute discretion.

Sabretooth believes that superior risk-adjusted returns do not remain in one place indefinitely. For this reason, Sabretooth’s investment mandate is purposely broad and not restricted by asset class, geography, or industry. Nonetheless, Sabretooth does not anticipate pursuing every potential aspect of its investing mandate simultaneously. Instead, drawing both on its

macroeconomic views and its bottom-up security analysis, Sabretooth generally expects to focus on six to twelve investment themes at a given time.

Sabretooth generally prefers to avoid the application of recourse leverage to the Sabretooth Funds' portfolio as a whole. Accordingly, Sabretooth expects that the Sabretooth Funds' gross exposure typically will not exceed its total assets under management. Sabretooth expects to operate the Sabretooth Funds with a pool of liquidity of at least 10% of AUM available to deploy into new investments on short notice. In investing environments where Sabretooth perceives there to be few attractive investments, this liquidity pool may rise to 20% to 30% of AUM or higher. In ordinary investing environments, Sabretooth expects to maintain this liquidity pool in cash or cash-like instruments. In environments in which Sabretooth perceives cash or traditional cash-like securities to be disadvantaged holding instruments (e.g., due to inflation or other risks), Sabretooth may instead allocate this liquidity pool into instruments that better serve the objective of preserving the purchasing power of capital in real terms. Finally, there may be exceptional circumstances in which Sabretooth perceives the risks associated with recourse leverage to be warranted by the expected return. The Sabretooth Funds may operate with recourse leverage for as long as such circumstances persist.

Investment Process

Sabretooth has a well-defined process for evaluating investment opportunities and making investment decisions, as outlined below:

- *Develop a view on the global macroeconomic environment:* Sabretooth devotes considerable resources to developing, maintaining, and revising a proprietary view on the global macroeconomic environment. This view generally encompasses, for example, the risks of deflation and inflation, prospects for global growth, implications of government interventions in the economy, global unemployment rates, imbalances in capital flows, trade, and FX, and the relative value of different asset classes, geographies, and industries in the context of the foregoing trends.
- *Use views on macroeconomic environment to generate investable implications or themes:* Sabretooth uses its views on the macroeconomic environment to generate investable themes. These themes in turn help guide its decisions on where to search for specific investment opportunities. Such themes typically include a hypothesis as to why a particular investment category – as defined by asset class, geography, industry, or some combination of the three – offers an attractive risk/reward in light of the key economic and capital markets drivers. In generating and prioritizing themes, Sabretooth assesses not only the individual merits but also ways in which different themes interact to create a cohesive portfolio. Sabretooth seeks to construct a portfolio that is consistent with its views on the macroeconomic environment and that it expects would be resilient in different states of the capital markets.
- *Conduct detailed security-level analysis to find the best ways to express themes:* Sabretooth conducts intensive research on individual securities in areas of thematic interest. This research serves several purposes, including, for example, testing Sabretooth's macroeconomic views against microeconomic business realities, comparing different securities to ascertain their relative advantages, and most importantly, enabling Sabretooth to

understand individual securities in-depth and thereby select the best ways to express an investment thesis. Sabretooth is generally agnostic regarding the types of securities it chooses to express an investment thesis, preferring to let the contextual merits of specific securities available guide its choice. The Sabretooth Funds may be long or short individual bonds, stocks, or options on such securities. It may also own index products, commodities, or currencies. Regardless which category, securities in which the Sabretooth Funds invest will generally meet three threshold criteria:

1. Downside that is estimable;
 2. An asymmetric expected value in which the upside is a multiple of the downside on a probability-adjusted basis; and
 3. A clear sense of variant perception and likely catalysts to bring market view in line with Sabretooth's.
- *Invest effort in monitoring and exiting positions:* Sabretooth believes that effective position monitoring and exiting are important determinants of an investment's profitability. Accordingly, Sabretooth will actively monitor portfolio investments and assess investments against new facts and past performance. Additionally, Sabretooth expects to set aside dedicated time weekly, if not more frequently, to review the Sabretooth Funds' portfolio in its entirety. The purpose will be to assess each significant investment thesis, proactively identify pitfalls, and enable thoughtful, regular decisions on whether to exit. Sabretooth will also use this regular review to scrutinize portfolio-level risks and the interactions among different parts of the portfolio.
 - *Refresh macro views, reposition the portfolio as needed, conduct post-mortems:* Sabretooth expects to closely watch economic data, government actions, and global capital markets for developments inconsistent with its macroeconomic views. When warranted – and in particular when confronted with developments it believes it does not understand – Sabretooth will not hesitate to restructure the Sabretooth Funds' portfolio within a short time span (e.g., by increasing its allocation to cash). Sabretooth will also conduct, on a regular basis, post-mortem reviews of both portfolio and individual security investment decisions. Through such reviews Sabretooth intends to learn from successes as well as failures and to incorporate these lessons into its future investments.

Sabretooth is authorized to purchase index futures, financial futures and options. It is noted that trading in futures contracts and options are highly specialized activities which, while they may increase the total return of the Sabretooth Funds' portfolio, may entail greater than ordinary investment risks.

Sabretooth has wide latitude in the selection of the Sabretooth Funds' investments. The investment management agreement does not impose limits on the types of securities, commodities, futures, or other instruments in which Sabretooth may invest the Sabretooth Funds' assets, the types of positions it may cause the Sabretooth Funds to take, the concentration of the Sabretooth Funds' investments (whether by sector, industry, country, asset class or otherwise), the amount of leverage the Sabretooth Funds may employ or the number or nature of short

positions the Sabretooth Funds may take. Sabretooth may, in its sole and absolute discretion, change the Sabretooth Funds' investment strategies at any time without notice to or the consent of investors. In most circumstances, the Sabretooth Funds does not expect to use leverage. Sabretooth may pursue other strategies or employ other techniques it considers appropriate and in the Sabretooth Funds' best interest. Depending on market and economic conditions the Sabretooth Funds may be fully invested in securities at some times, or net short or primarily invested in cash at other times.

Side Pockets

The Sabretooth Master Fund may invest a portion of its assets in securities or other financial instruments which the General Partner determines are difficult to value, not readily marketable, should be held until the resolution of a special event or circumstance, or are otherwise illiquid (each, a "Side Pocket Investment"). The General Partner may place such Side Pocket Investments in a separate series of interest in the Sabretooth Master Fund (each, a "Side Pocket Series"). In addition, the Sabretooth Master Fund may make an investment that the General Partner determines is a follow-up investment to a Side Pocket Investment (each, a "Follow-Up Investment"), and may place such Follow-Up Investment in the same Side Pocket Series as the Side Pocket Investment to which it relates. The General Partner, in its sole discretion, determines whether and when to classify an investment as a Side Pocket Investment and/or a Follow-Up Investment.

Interests in a Side Pocket Series relating to a Side Pocket Investment or a Follow-Up Investment will be allocated only to those investors in a Sabretooth Fund as of the date such Side Pocket Series is deemed to be created or such Follow-Up Investment is made, as applicable; provided, however, that interests in a Side Pocket Series relating to a Follow-Up Investment will not be allocated to investors who have submitted a withdrawal or redemption request.

Generally, investors may not withdraw or redeem portions of their investment in the Sabretooth Funds attributable to a Side Pocket Series until a Realization Event occurs. In addition, the net profit and net loss associated with a Side Pocket Investment and/or a Follow-Up Investment will be determined and allocated upon the occurrence of a Realization Event relating to such Side Pocket Investment and/or Follow-Up Investment. A "Realization Event" will occur (i) upon the liquidation of the Sabretooth Master Fund's position in a Side Pocket Investment and/or Follow-Up Investment or (ii) at such time as determined by the General Partner in its sole and absolute discretion.

Upon the occurrence of a Realization Event, all (or, if only a portion of the related Side Pocket Series can be withdrawn, a portion) of the applicable Side Pocket Series will be reallocated back to the capital accounts at the Sabretooth Master Fund from which the Side Pocket Series had been created within forty-five (45) days following such Realization Event net of any fees and expenses.

Interests in Side Pocket Series will not comprise more than fifteen percent (15%) of the Sabretooth Master Fund's net asset value (but may be more than fifteen percent (15%) of the net asset value of an investor's investment), determined at the time amounts are allocated to a Side

Pocket Series, and measured by the General Partner. Notwithstanding the foregoing, over time, Side Pocket Series may comprise more than fifteen percent (15%) of the Sabreooth Master Fund's net asset value or the net asset value of an investor's investment due to withdrawals, redemptions or other factors.

SRO Funds:

Sabreooth believes that the global financial system remains acutely vulnerable to systemic blow-ups, specifically debt-driven deflationary shocks, as public and/or private sector debt reaches an unsustainable tipping point in key economies around the world. In Sabreooth's view, the economies of China, the Eurozone, Japan and the United States are each particularly vulnerable to a debt-driven bust. It is Sabreooth's further belief that, notwithstanding the recent financial crisis, complacency in the capital markets regarding the likelihood of debt-driven busts in these economies makes it possible to purchase instruments that offer an asymmetric risk/reward payoff if such busts materialize.

The SRO Funds' strategy entails identifying and trading instruments that, in Sabreooth's judgment, are asymmetrically levered to a debt-driven crisis. These instruments may include, but are not limited to, derivatives (including futures, options, credit default swaps, and interest-rate derivatives), currencies, currency-linked products such as non-deliverable forwards, commodities, debt and equities. There are no restrictions on the markets and securities in which the SRO Funds may invest and the composition of the SRO Funds' portfolio is in Sabreooth's sole and absolute discretion.

Sabreooth expects that the SRO Funds' portfolio will express a directional view that correlates with being "short" risk assets, including benchmark debt and equities (i.e., the SRO Funds expect to be net short). Accordingly, an investment in the SRO Funds may serve as a partial hedge for investors who are "long" such risk assets. There can be no assurance the SRO Funds' instruments will behave as anticipated under all (or any) market conditions. Furthermore, if a debt-driven bust does not occur during the SRO Funds' life, investors should expect to lose most if not all of their investment in the SRO Funds. The likelihood of substantial and potentially complete capital loss makes any investment in the SRO Funds extremely high risk.

Because the SRO Funds' investment objective is to profit if a particular directional view comes to pass, and because the SRO Funds' portfolio will consist of asymmetric instruments that seek to express that view within the window that the SRO Funds are assembling their portfolio, the SRO Funds' portfolio is likely to be highly concentrated. The SRO Funds' portfolio is not expected to feature the diversification and portfolio- or position-level hedges that a "typical" portfolio would. The SRO Funds' high concentration increases the risk associated with any investment in the SRO Funds.

Sabreooth anticipates that the life of the SRO Funds will be two years or less. No later than two years after the SRO Funds launch, Sabreooth expects to close out the SRO Funds' investments, realize the SRO Funds' gains or losses and return any remaining proceeds to investors. During the initial six week period immediately following the launch of the SRO Funds, Sabreooth expects to direct the SRO Funds in acquiring most if not all of the instruments that will comprise their portfolio. The SRO Funds' performance over its life will therefore be unusually dependent

on the opportunity set available during this initial post-launch period. Although Sabretooth may trade into and out of different instruments over the life of the SRO Funds as these instruments become more or less asymmetric, Sabretooth expects that such trading will be relatively infrequent. Accordingly, investors should not expect that Sabretooth will actively rebalance the SRO Funds' portfolio or engage in ongoing trading in an effort to invest in the "optimal" mix of instruments available to meet the SRO Funds' investment objective.

Sabretooth expects that the SRO Funds will be substantially invested in instruments that have embedded leverage (e.g., derivatives such as credit default swaps, currency options, and equity options). Many if not all of these levered instruments risk the loss of all capital invested if the instruments finish "out of the money." Sabretooth expects to implement a risk management program that will seek to ensure that the SRO Funds maintain sufficient cash to honor all future obligations during the life of the SRO Funds.

Although Sabretooth foresees many scenarios that could cause the SRO Funds to suffer the complete loss of its capital, Sabretooth will work diligently to seek to ensure that the SRO Funds not suffer such loss if a debt-driven crisis to which the SRO Funds are geared does not materialize. In particular, as part of the SRO Funds' risk management program Sabretooth expects to monitor, among other things:

- The creditworthiness of the SRO Funds' counterparties;
- Regulatory risk and/or risk of government intervention in capital markets; and
- The liquidity of the instruments in the SRO Funds' portfolio, to protect to the extent practicable the SRO Funds' ability to exit from such instruments.

Sabretooth has wide latitude in the selection of the SRO Funds' investments. The investment management agreement does not impose limits on the types of securities, commodities, futures, or other instruments in which Sabretooth may invest the SRO Funds' assets, the types of positions it may cause the SRO Funds to take, the concentration of the SRO Funds' investments (whether by sector, industry, country, asset class or otherwise), the amount of leverage the SRO Funds may employ or the number or nature of short positions the SRO Funds may take. Sabretooth may, in its sole and absolute discretion, change the SRO Funds' investment strategies at any time without notice to or the consent of the investors. Sabretooth may pursue other strategies or employ other techniques it considers appropriate and in the SRO Funds' best interest.

Yang Funds:

Sabretooth believes that the global financial markets remain acutely vulnerable to systemic blow-ups, specifically debt-driven deflationary shocks, as unsustainable public and/or private sector debt reaches a tipping point in key economies around the world. In Sabretooth's view, Japan's economy appears particularly susceptible to a debt-driven bust given the decline in its principal source of public financing, domestic savings. Specifically, Japan's aging population and resistance to immigration is resulting in fewer wage earners to contribute to domestic savings portending a future fiscal reliance on the international capital markets for financing.

Stretching back nearly two decades, a prolonged period of Japanese deflation has left domestic savers with few investment alternatives other than government bonds, despite their diminishing yields over time. Although domestic yields on ten-year Japanese government bonds ("JGBs") fell from 6% in 1990 to approximately 1% in 2010, government debt (as a percentage of GDP) nearly quintupled over the same period, rising from 50% to 226%. Sabretooth believes this inverse trend has largely stemmed from the continuous deflationary pressures created by ever-increasing levels of indebtedness.

It is Sabretooth's opinion that global capital markets may force a significant readjustment in JGB yields once their marginal buyer changes from domestic savers with few genuine alternatives to international bond investors with multiple investment options. Germany, as the closest comparably-sized economy, finances its ten year bonds at 2.5% despite having debt ratios nearly three times lower than Japan's. The government's massive debt obligations amplify even modest changes in its cost of capital, which would send Japan into a "death spiral" where higher cost of borrowing than nominal GDP growth ensures eventual sovereign default. In short, Sabretooth believes that Japan now finds itself situated much like a U.S. subprime or Alt-A homeowner, who took out a floating-rate interest-only loan which the homeowner could only afford at the "teaser" rate in an environment of rising home prices but could not afford once the loan reset and their home equity became underwater. Japan is about to face an international borrowing reset. It is Sabretooth's further belief that, complacency in the capital markets regarding the likelihood of a debt-driven bust in this economy makes it possible to purchase instruments that offer an asymmetric risk/reward payoff if such a scenario materializes.

The Yang Funds' strategy involves identifying and trading instruments that, in Sabretooth's judgment, are asymmetrically levered to a debt-driven crisis. These instruments may include, but are not limited to, derivatives (including futures, options, credit default swaps, and interest-rate derivatives), currencies, currency-linked products such as non-deliverable forwards, commodities, debt and equities. There are no restrictions on the markets and securities in which the Yang Funds may invest and the composition of the Yang Funds' portfolio is in Sabretooth's sole and absolute discretion.

Sabretooth expects that the Yang Funds' portfolio will express a directional view that correlates with being "short" risk assets. Accordingly, an investment in the Yang Funds may serve as a partial hedge for investors who are "long" such risk assets. There can be no assurance the Yang Funds' instruments will behave as anticipated under all (or any) market conditions. Furthermore, if a debt-driven bust does not occur during the Yang Funds' life, investors should expect to lose

most if not all of their investment in the Yang Funds. The likelihood of substantial and potentially complete capital loss makes any investment in the Yang Funds extremely high risk.

Because the Yang Funds' investment objective is to profit if a particular directional view comes to pass, and because the Yang Funds' portfolio will consist of asymmetric instruments that seek to express that view within the window that the Yang Funds are assembling their portfolio, the Yang Funds' portfolio is likely to be highly concentrated. The Yang Funds' portfolio is not expected to feature the diversification and portfolio- or position-level hedges that another portfolio would. The Yang Funds' high concentration increases the risk associated with any investment in the Yang Funds.

Sabretooth anticipates that the Yang Funds' life will be three years. Although Sabretooth may trade into and out of different instruments over the Yang Funds' life as instruments become more or less asymmetric, Sabretooth expects that such trading will be relatively infrequent. Accordingly, investors should not expect that Sabretooth will actively rebalance the Yang Funds' portfolio or engage in ongoing trading in an effort to invest in the "optimal" mix of instruments available to meet the Yang Funds' investment objective.

Sabretooth expects that the Yang Funds will be substantially invested in instruments that have embedded leverage (e.g., derivatives such as credit default swaps, currency options, and equity options). Many if not all of these levered instruments risk the loss of all capital invested if the instruments finish out of the money. Sabretooth expects to implement a risk management program that will seek to ensure that the Yang Funds maintain sufficient cash to honor all future obligations during the life of the Yang Funds.

Although Sabretooth foresees many scenarios that could cause the Yang Funds to suffer the complete loss of capital, Sabretooth will work diligently to seek to avoid such loss if a Japanese debt-driven crisis does not materialize. In particular, as part of the Yang Funds' risk management program, Sabretooth expects to monitor, among other things:

- The creditworthiness of the Yang Funds' counterparties;
- Regulatory risk and/or risk of government intervention in capital markets; and
- The liquidity of the instruments in the Yang Funds' portfolio, to protect to the extent practicable the Yang Funds' ability to exit from such instruments.

Sabretooth has wide latitude in the selection of the Yang Funds' investments. The investment management agreement does not impose limits on the types of securities, commodities, futures, or other instruments in which Sabretooth may invest the Yang Funds' assets, the types of positions it may cause the Yang Funds to take, the concentration of the Yang Funds' investments (whether by sector, industry, country, asset class or otherwise), the amount of leverage the Yang Funds may employ or the number or nature of short positions the Yang Funds may take. Sabretooth may pursue other strategies or employ other techniques it considers appropriate and in the Yang Funds' best interest.

CERTAIN RISK FACTORS

Risks Applicable to All Funds:

General Economic and Market Conditions. The success of the Funds' investments may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, currency fluctuations, changes in laws, developments in governmental regulation and national and international political circumstances. These factors may affect the success of the businesses in which the Funds are engaged as well as the markets for the securities the Fund holds. Unexpected volatility or illiquidity could impair the Funds' profitability or result in losses. These factors are beyond Sabretooth's control.

Non-U.S. Investments. The Funds may invest a portion of their assets in securities of non-U.S. companies and/or securities denominated in currencies other than U.S. dollars. These include securities issued by companies in, and traded in, so-called "emerging markets." Non-U.S. investing, and investing in emerging markets in particular, will subject the Funds to certain risks not typically associated with investing in securities in the United States. The following discussion sets forth some of the more significant risks associated with this type of investing.

Characteristics of Non-U.S. Securities Markets. The Funds generally buy and sell securities on the principal stock exchange or over-the-counter market of the country in which the principal offices of the issuer of the security are located. Non-U.S. stock markets generally are not as developed or efficient as those in the United States and may be more volatile than the U.S. markets. In particular, there is generally less government supervision and regulation of non-U.S. exchanges, brokers and listed companies than there is in the United States. Further, as compared with trading volumes in U.S. markets, trading volumes in non-U.S. markets are usually lower and therefore are characterized by less liquidity and more rapid and erratic price fluctuations. Commissions for trades on non-U.S. stock exchanges are generally higher than negotiated commissions on U.S. exchanges, and custody expenses are generally higher as well. Settlement practices for transactions in non-U.S. markets may involve delays beyond periods customary in the United States, and the Funds may be required to borrow funds or securities to satisfy their obligations arising out of other transactions. In addition, there could be more "failed settlements," which can result in losses to the Funds.

Less Fund Information and Regulation. Generally, there is less publicly available information about non-U.S. companies than there is about U.S. companies. This may make it more difficult for Sabretooth to keep informed of corporate action that may affect the price of a particular security. Further, many countries lack uniform accounting, auditing and financial reporting standards, practices and requirements. These factors can make it difficult to analyze and compare the performance of non-U.S. companies.

Currency Fluctuation. The Funds' investments may be denominated in non-U.S. currencies. A change in value of any such currency against the U.S. dollar will cause a corresponding change in the U.S. dollar value of the Funds' investments that are denominated in that currency. Those changes may affect the Fund's income and profitability. Certain countries maintain the value of their currencies at artificially high levels relative to the value of the U.S. dollar. This practice may result in sudden and large adjustments in a currency's value, potentially resulting in losses

to foreign investors, such as the Funds. The Funds may enter into currency hedging transactions to attempt to reduce their currency exposure. These techniques may reduce but will not eliminate the risk of loss due to unfavorable currency fluctuations, and they may limit any potential gain that might result from favorable currency fluctuations. Certain countries restrict conversion of their currency into foreign currencies, including the dollar, and for some currencies, there is no significant foreign exchange market.

Restrictions on Investment and Repatriation. Certain countries impose restrictions and controls regarding investment by foreigners. Among other things, they may require that proposed investments be preapproved by regulatory authorities or impose limits on the amount or types of securities that may be held by foreigners or on the types of companies in which foreigners may invest. These restrictions may at times limit or preclude the Funds' investments in certain countries and may increase the Funds' costs and expenses. Foreign investors may, in some cases, be permitted to invest indirectly in certain countries through investment funds that have been specifically authorized for that purpose. However, because those countries grant only a limited number of authorizations, units or shares in most of the authorized investment funds may at times trade at a substantial premium over the value of their underlying assets. There can be no certainty that these premiums will be maintained, and if the restrictions on direct foreign investment in the relevant country were significantly liberalized, premiums might be reduced, eliminated altogether or turned into a discount. In addition, certain countries impose restrictions and controls on the repatriation of investment income and capital. Sabretooth may cause the Funds to use swaps or other derivatives to obtain exposure to certain non-U.S. markets or securities.

Political and Economic Instability. Many non-U.S. economies are less stable than the U.S. economy, due to, among other things, volatile internal political environments, less stable monetary systems and/or external political risks. Some governments participate in their economies in ways that can have a significant effect on securities prices, such as through ownership of private companies or the enactment of certain regulations. The economies of certain countries depend heavily on international trade and can be adversely affected by the enactment of trade barriers or changes in the economic conditions of their trading partners. In some countries, especially developing or emerging countries, political or diplomatic developments could lead to programs that would adversely affect investments by U.S. persons, such as confiscatory taxation or expropriation.

Withholding Taxes. Dividend and interest payments on certain non-U.S. securities the Funds may own may be subject to foreign withholding taxes, which would reduce the Funds' profit.

Currency Hedging. To the extent the Funds invest in non-U.S. securities or securities traded in currencies other than U.S. dollars, the Funds may seek to hedge their exposure to currency fluctuations. The Funds may enter into foreign currency forward contracts (agreements to exchange one currency for another at a future date). These contracts involve a risk of loss if the Funds fail to predict accurately the direction of changes in currency exchange rates. For example, the Funds may experience a loss if they increase exposure to a foreign currency and that currency's value in relation to the U.S. dollar subsequently falls. In addition, forward contracts are not guaranteed by an exchange or clearinghouse. Therefore, a default by the forward contract counterparty may result in a loss to the Funds for the value of unrealized profits

on the contract or for the difference between the value of their commitments, if any, for purchase or sale at the current currency exchange rate and the value of those commitments at the forward contract exchange rate.

Smaller Capitalization Stocks. The Funds may invest a portion of their assets in stocks of companies with smaller than average market capitalizations. Smaller capitalization companies may be of a less seasoned nature or have securities that may be traded in the over-the-counter market. These “secondary” securities often involve significantly greater risks than the securities of larger, better-known companies. In addition to being subject to the general market risk that stock prices may decline over short or even extended periods, such companies may not be well-known to the investing public, may not have significant institutional ownership and may have cyclical, static or only moderate growth prospects. Additionally, stocks of such companies may be more volatile in price and have lower trading volumes than larger-capitalized companies. Accordingly, investors in the Funds should have a long-term investment horizon.

Smaller capitalization securities may be followed by relatively few securities analysts with the result that there tends to be less publicly available information concerning these securities compared to what is available for exchange-listed or larger companies. The securities of these companies may have limited trading volumes and may be subject to more abrupt or erratic market movements than the securities of larger, more established companies or the market averages in general, and the Funds may be required to deal with only a few market makers when purchasing and selling these securities. Transaction costs in smaller capitalization stocks may be higher than those for larger-capitalized companies. Companies in which the Funds may invest may also have limited product lines, markets or financial resources and may lack management depth and may be more vulnerable to adverse business or market developments.

Short Selling. The Funds will sell securities short as a regular part of investing activities. In a short sale, the Funds sell securities they do not own, in the hope that the market price will decline and that the Funds will be able to buy replacement securities later at a lower price. To accomplish this, the Fund borrows the securities from a broker or other third party. They “close” the position by “returning” the security (buying a replacement security on behalf of the lender). The obligation to replace the borrowed securities does not typically have a specified “maturity” date and the lender generally may require replacement of the securities whenever it chooses. A short sale theoretically involves the risk of unlimited loss: *i.e.*, the price at which the Funds must buy “replacement” securities could increase without limit. As collateral for its replacement obligation, the Funds are generally required to leave the proceeds of their short sales with the broker that effected the transactions, and deliver an additional amount of cash or other collateral upon the lender’s request if the amount of the Funds’ liability increases due to increases in a security’s price or decreases in the value of the existing collateral. The lender for the Funds’ short sales will ordinarily be the Funds’ prime broker and, ordinarily, all of the Funds’ assets will serve as collateral. Therefore, if the value of those assets were to become inadequate to secure the Funds’ obligations under their short positions, it is unlikely that the Funds would be able to provide additional collateral. If that were to occur, the prime broker would likely cause the Funds to “buy in” or “close” some or all of their short positions, likely at a time and on terms that are adverse to the Funds. There can be no assurance that the Funds will not experience losses on short positions or that they will have long positions that appreciate in value enough to offset any such losses.

Hedging, Generally. Hedging strategies in general are usually intended to limit or reduce investment risk, but they can also be expected to involve transaction costs and may inherently limit or reduce the potential for profit.

Risk of Derivatives, Generally. The Funds may trade and invest in a variety of derivative instruments. Derivatives are financial instruments or arrangements, the risk and return of which are related to changes in reference rates, indices or the value of securities or other assets. They can provide a form of “leverage” in that they permit the Funds to speculate on fluctuations in the reference rates, indices or prices of securities or other assets while investing only a small percentage of the value of those assets. Trading and investing in derivatives can be highly speculative and can entail risks that are greater than the risks of investing directly in securities or other assets. Prices of equity derivatives are generally more volatile than indices, rates, or asset prices on which they are based. A change in the rates or indices or a change in the market price of assets underlying a derivative will cause a much greater relative change in the price of the derivative.

Options. Among the derivatives in which the Funds may invest or trade are options on specific securities and options on securities indices. The Funds may buy or sell (write) both call options and put options, and they may do so on a “covered” or an “uncovered” basis. The Funds’ options transactions may be part of a hedging tactic (*i.e.*, offsetting the risk involved in another securities position), a form of leverage in which the Funds have the right to benefit from price movements in a large number of securities or other assets with a small commitment of capital, or an attempt to obtain profits through premiums received on options the Funds write. These activities involve risks that may be substantial. In general, the fundamental risks involved in options trading can be described as follows. For the most part, these descriptions do not take into account other positions or transactions the Funds may enter into. Combinations of options positions, or combinations of options positions with positions in stocks or other securities, can mitigate or can increase the risks inherent in each component option position.

When the Funds *buy* a call option, they will pay a premium for the right to *buy* a security at a specified exercise price through a specified expiration date. If, at the expiration date, the market price of the underlying security is equal to or lower than the exercise price, the option will expire worthless and the Funds will lose their entire investment in the option (the premium plus commissions). When the Funds buy a put option, they will pay a premium for the right to *sell* a security at a specified exercise price through a specified expiration date. If at expiration the market price of the underlying security is equal to or higher than the exercise price, the option will expire worthless and the Funds will lose their investment.

When the Funds *sell* (writes) an option, the risk can be substantially greater than when they buy one. When they sell a call option, they will receive a premium and grant the option’s buyer the right to buy the underlying security from the Funds at a specified exercise price. If the market price of the underlying security does not increase above the exercise price, the premium the Funds receive will represent a profit. However, if the market price does increase above the exercise price, the Funds will lose the amount of the difference (less the premium their received when they sold the option). This risk is theoretically unlimited (similar to the risk of selling a security short) in that the price of the underlying security could theoretically increase without limit. When the Funds sell a put option, and grant the holder the right to force the Funds to buy

the underlying security at the exercise price, they will bear the risk of a decline in the price of the underlying security below the exercise price. Thus, if the underlying security were to become valueless, the Funds theoretically could lose an amount equal to the entire aggregate exercise price of the option (minus the premium the Funds received when they sold the put). The Funds can limit their risks in writing options by writing them on a “covered” basis—*e.g.*, owning securities of the same class and in the same amount as the securities underlying a call option they write, or having a short position in the securities underlying a put option they write. Although covering reduces the risks of selling options, as with all hedging strategies, they can involve transaction costs and may inherently limit the potential for profit from the option position.

Futures/Commodities. The trading of commodities and commodity interests (*i.e.*, futures contracts on commodities, securities indices or currencies, collectively “*commodity interests*”) is highly speculative and may entail risks that are greater than investing in securities. Prices of commodity interests are generally more volatile than prices of securities. Futures trading will have effects on the Funds’ portfolio similar to the effects of leverage. The Funds may speculate on the market price fluctuations of securities or commodity interests underlying futures (or options on futures), while investing only a small percentage of the value of those underlying securities or commodity interests. The Commodity Futures Trading Commission (the “CFTC”) and certain commodities exchanges have established limits referred to as “speculative position limits” or “position limits” on the maximum net long or net short position that may be held in particular futures. Sabretooth believes that established position limits will not adversely affect the Funds’ trading. However, it is possible that the Funds’ trading decisions may have to be modified and that positions held by the Funds may have to be liquidated in order to avoid exceeding such limits. Such modification or liquidation, if required, could adversely affect the operations and profitability of the Funds.

The Funds may open a futures position by placing with a futures commission merchant an initial margin that is small relative to the value of the futures contract, making the transaction “leveraged.” If the market moves against the Funds’ position or margin levels are increased, the Funds may be called upon to pay substantial additional funds on short notice to maintain their position. If the Funds were to fail to make such payments, their position could be liquidated at a loss, and the Funds would be liable for any resulting deficit in their account.

Futures positions may be illiquid because, among other things, most commodity exchanges limit fluctuations in certain futures contract prices during a single day. Once the price of a contract for a particular future has increased or decreased by an amount equal to the “daily limit,” positions can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Such an occurrence could prevent the Funds from liquidating unfavorable positions and subject them to substantial losses. In addition, the Funds may not be able to effect futures contract trades at favorable prices if trading volume in those contracts is low.

Forward Trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated, *i.e.*, there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in forward markets are not required to continue to make markets in the currencies or commodities in which they trade and these

markets can experience periods of illiquidity, sometimes of significant duration. Certain participants may refuse to quote prices for certain currencies or commodities, or may quote prices with an unusually wide spread between the price at which they are prepared to buy and the price at which they are prepared to sell. Disruptions can occur in any market in which the Funds trade due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit forward (and futures) trading.

Foreign currency forward contracts (agreements to exchange one currency for another at a future date) involve a risk of loss if the Funds fail to accurately predict the direction of currency exchange rates. For example, the Funds may experience a loss if they increase their exposure to a foreign currency and that currency's value in relation to the U.S. Dollar subsequently falls. In addition, forward contracts are not guaranteed by an exchange or clearinghouse. Therefore, a default by the forward contract counterpart may result in a loss to the Funds for the value of unrealized profits on the contract or for the difference between the value of their commitments, if any, for purchase or sale at the current currency exchange rate and the value of those commitments at the forward contract exchange rate.

Stock Indices and Related Derivatives. The use of options on stock indices and stock-index futures contracts as hedging devices involves several risks. No assurances can be given that a correlation will exist between price movements in securities that are the subject of the hedge. Positions in futures contracts may be closed out only on the exchange on which they were entered into or through a linked exchange. In addition, although the Funds intend to enter into futures contracts only if an active market exists for the contracts, no assurances can be given that an active market will exist for the contracts at any particular time. Certain exchanges do not permit trading in particular contracts at prices that represent a fluctuation in price during a single day's trading beyond a certain set limit. If prices fluctuate during a single day's trading beyond those limits, the Funds could be prevented from promptly liquidating unfavorable positions and thus be subject to losses.

Foreign Derivatives. The Funds' futures and options activities may include futures and options traded on non-U.S. markets. The risks of these activities may be greater than those of trading in futures and options on U.S. exchanges. For example, foreign futures and options are generally cleared on and subject to the rules of a foreign board of trade. Neither the CFTC nor the National Futures Association regulates activities of any foreign board of trade, including the execution, delivery and clearing of transactions. These agencies have no enforcement authority over foreign boards of trade and foreign boards of trade may operate without the supervision of any similar agency in their home country. Thus, funds invested in foreign futures and options may not be provided the same, or any, protections as funds committed to similar transactions in the United States.

Over-the-Counter Derivatives. The Funds may enter into "over-the-counter" derivatives transactions. Transactions in derivatives contracts, such as "swaps" are not traded on any exchange and are not issued by clearinghouses such as the Options Clearing Corporation. The notional value or interests underlying swaps or other derivatives may include individual securities, securities indices, interest rates, commodities or commodities indices all of which may be denominated in various currencies. The Funds are less able to dispose of or close open

positions created through over-the-counter transactions than positions created with exchange-traded options or futures. Swaps are subject to the risk of nonperformance by the counterparty and the creditworthiness of the counterparty. Further, the risk of nonperformance by the counterparty in such transactions is greater than with standardized contracts issued by, for example, the Options Clearing Corporation.

Credit Default Swaps. The Funds may invest in credit default swaps. A credit default swap is a contract between two parties which transfers the risk of loss if a company fails to pay principal or interest on time or files for bankruptcy. The typical credit default swap contract requires the seller to pay to the buyer, in the event that a particular reference entity experiences specified credit events, the difference between the notional amount of the contract and the value of a portfolio of securities issued by the reference entity that the buyer delivers to the seller. In return, the buyer typically agrees to make periodic and/or upfront payments equal to a fixed percentage of the notional amount of the contract. As part of their investment strategy, the Funds may “write” (sell) or “purchase” credit default protection. Credit default swaps can be used to hedge a portion of the default risk on a single corporate bond or a portfolio of bonds and/or used for investment purposes.

Credit default swaps generally trade with wide bid/offer spreads and the cost of trading in and out of such contracts could be significant. There can be no assurance that the counterparty to a credit default swap will be able to fulfill its obligations to the Funds if a credit event occurs in respect of the reference entity. In addition, swap transactions dependent upon credit events are priced incorporating many variables including, without limitation, the pricing and volatility of the common stock and potential loss upon default. The counterparty to a credit default swap may seek to avoid payment following an alleged credit event by claiming that there is a lack of clarity in, or an alternative meaning of, language used in the contract, most notably the language specifying what would amount to a credit event. In fact, in certain instances of issuer defaults or restructurings, it has been unclear under the standard industry documentation for credit default swaps whether or not a “credit event” triggering the seller’s payment obligation had occurred. Accordingly, even if it has determined that a “credit event” has occurred, the Funds may not be able to realize the full value of the credit default swap. Further, given increases in volume of credit derivatives trading in the market, settlement of such contracts may also be delayed beyond the time frame originally anticipated by the Funds.

In the event the Funds sell credit default swaps, the Funds will likely incur leveraged exposure to the credit of the reference entity and be subject to many of the same risks they would incur if they were holding debt securities issued by the reference entity. However, the Funds will not have any legal recourse against the reference entity and will not benefit from any collateral securing the reference entity’s debt obligations. In addition, the credit default swap buyer will have broad discretion to select which of the reference entity’s debt obligations to deliver to the Funds following a credit event and will likely choose the obligations with the lowest market value in order to maximize the payment obligations of the Funds. In circumstances in which the Funds do not own the debt securities that are deliverable under the credit default swap, the Funds will be exposed to the risk that deliverable securities will not be available in the market, or will be available only at unfavorable prices, as would be the case in a so-called “short squeeze”.

Fixed-Income Investments; High-Yield Securities. The value of the fixed-income securities in which the Funds may invest will change as the general levels of interest rates fluctuate. When interest rates decline, the value of the Funds' fixed-income securities can be expected to rise or decline depending on the type of position held (long or short). Conversely, when interest rates rise, the value of such securities can be expected to decline or rise depending on the type of position held (long or short). In addition, the Funds may invest in high-yield securities. High-yield securities are rated below investments grade, and are commonly known as "junk bonds". Securities which are in the lower-grade categories generally offer a higher current yield than is offered by higher-grade securities of similar maturities, but they also generally involve greater risks, such as greater credit risk, greater market risk and volatility, and greater liquidity concerns (including, without limitation, the possibility of default or bankruptcy of the issuers of such securities).

Use of Leverage. The Funds may use leverage by borrowing funds from securities brokers or dealers, banks, or others or through margin borrowing or other means. The Funds may also use derivatives (or other instruments that include embedded leverage) to leverage their capital, as discussed below. Leverage increases both the possibilities for profit and the risk of loss. Borrowings (and in some cases guarantees of performance of Fund obligations) will usually be from (or, in the case of guarantees, by) securities brokers and dealers (primarily the prime broker) and are typically secured by the Funds' securities and other assets. Under certain circumstances, such a broker or dealer may demand an increase in the collateral that secures the Funds' obligations, and if the Funds are unable to provide additional collateral, the broker or dealer could liquidate assets held in the Funds' account to satisfy the Funds' obligations. Liquidation in that manner could have extremely adverse consequences, including sales at disadvantageous times and prices and the acceleration of tax consequences.

Counterparty and Settlement Risk. The Funds may enter into over-the-counter derivative contracts or transactions (*i.e.*, transactions in options or other derivatives that are not cleared through the facilities of an exchange or clearing organization such as the Options Clearing Corporation). These may include "swaps," contracts for differences and specially-tailored options, and instruments or interests underlying them that may include securities, securities indices, interest rates, commodities and commodities indices. If they do so, they may be exposed to the risk of default by their counterparty or to settlement difficulties. This risk may be materially greater than default or settlement risks involved in standardized and exchange-traded transactions. The latter are generally backed by clearing organizations' guarantees and are generally marked to market daily, and intermediaries are generally subject to settlement and segregation and minimum capital requirements. Transactions directly with a counterparty generally do not benefit from those protections and expose each party to a greater risk of the other's default. Although a counterparty may collateralize its obligations to the Funds by segregating their assets and identifying them on its records as assets of the Funds, it may not always be required to or otherwise do so. Even if it does, those or similar arrangements may not always be adequate to protect the Funds if the counterparty were to become insolvent, and, in any event, the Funds could experience delays in receiving the benefit of the derivative or other contract.

Counterparty Creditworthiness. The Funds will engage in transactions in securities, commodities and other financial instruments that may involve counterparties, and no

counterparty exposure limits have been imposed on these transactions. Specifically, spot, forward and option foreign contracts are entered into between private parties off-exchange and are thus free from exchange regulations. Such trading between participating parties (including the Funds) is not regulated by any U.S. government agency and is not guaranteed by an exchange or clearing house. If the Funds take a position with a counterparty that fails, a default would most likely result, depriving the Funds of any profit potential or forcing the Funds to cover their commitments for resale at the then current market price. Any nonperformance, whether due to insolvency, bankruptcy or other causes, could subject the Funds to substantial losses. There can be no assurance that the counterparties with which the Funds deal will perform and not default. This risk is expected to be heightened by the Funds' utilization of one or more prime brokers, since the prime brokers are expected to have execution, clearance, settlement and safekeeping responsibilities on all open positions. Thus, a failure by a prime broker could result in a concentrated and disproportionate loss for the Funds' positions. In addition, under certain conditions, the market for certain securities, commodities and/or financial instruments may become illiquid.

Failure of Brokerage Firms. Brokers which carry the accounts of the Funds generally segregate all customer funds. If such assets were not so segregated, the Funds would be subject to the risk of the failure of the broker. Even given proper segregation, in the event of the insolvency of a broker, the Funds may be subject to a risk of loss of their funds and may be able to recover only a pro rata share (together with all other securities customers of such broker) of their assets, such as United States Treasury bills and securities issued by other governments, specifically traceable to the Funds' account. In broker insolvencies, customers have, in fact, been unable to recover from the broker's estate the full amount of their "customer" funds. In addition, under certain circumstances, such as the inability of another client of the broker or the broker itself to satisfy substantial deficiencies in such other client's account, a customer (including the Funds) may be subject to a risk of loss of its funds on deposit with a broker, even if such funds are properly segregated. In the case of any such bankruptcy or loss, the Funds might recover, even in respect of property specifically traceable to the customer, only a pro rata share of all property available for distribution to all of the broker's clients. The Funds may trade with or hold accounts at foreign brokers registered under the laws and regulations of other countries. Such brokers and/or dealers may not be subject to the same or similar customer fund regulations (including customer segregation requirements) as those existing in the United States. The financial failure of the parties with which the Funds trade in the over-the-counter ("OTC") markets could also result in substantial losses, as the Funds will deal with such persons as principals, and there is no requirement that such parties segregate counterparty funds held by them in respect of such trading. Further, the Funds will be subject to additional risks where they are party to a securities lending arrangement and the counterparty to the arrangement becomes insolvent and/or defaults on its obligations, including, without limitation, the risk that collateral will not be returned and/or repurchased or the Funds will not be permitted to exercise their remedies in accordance with the provisions of the relevant securities lending agreement.

Certain Other Special Situation Investments. The Funds may invest, from time to time, in entities that have declared, or are about to declare bankruptcy, that have been placed, or are about to be placed in receivership, that may have entered into certain agreements with federal or state agencies, including, without limitation, the FDIC or other banking regulatory authorities, or that have substandard financial or other controls. There are significant business risks associated

with such investments due to the inherently speculative nature of such investments, including but not limited to, those described herein. Such companies may not provide regular financial results or other reports and as a result may not be compliant with the reporting requirements of the SEC, NASDAQ, securities exchanges, the FDIC or other banking regulatory authorities. Such non-compliance could result in a company's securities being suspended or de-listed from NASDAQ or a securities exchange, which would likely have a negative affect on the price and liquidity of such securities. Such companies may also become involved in litigation as a result of their bankruptcy, investigation or substandard controls. In addition, results with respect to such investments may fluctuate from period to period. Accordingly, the results of a particular period will not necessarily be indicative of results which may be expected in future periods. Furthermore, the securities of such companies may be subject to significant price volatility, including steep declines in price upon the announcement of a bankruptcy, an investigation or litigation.

Commodities Trading. The Funds may engage in the trading of futures, including options on futures, spot instruments and over-the-counter derivatives, for speculative and proprietary purposes. These types of trades are highly specialized and have specific risks. Commodity futures trading may be illiquid due to, among other things, position limits and price limits imposed by the CFTC and certain exchanges. If prices fluctuate beyond such limits, the Funds may be prevented from immediately liquidating unfavorable positions and may be subject to substantial losses. In addition, commodity futures prices are highly volatile, and are influenced by events such as changing supply and demand relationships, government programs and policies and changes in interest rates and other national and international political and economic events. As the Funds may generally trade commodity futures using low margin deposits, the Funds may employ a high degree of leverage. As a result, a small change in price in a commodity futures contract could result in substantial losses, including losses greater than the amount invested in such contract. The Funds may also trade over-the-counter instruments with third parties. The risk of counterparty nonperformance can be significantly greater in the case of these substantially unregulated over-the-counter instruments as opposed to exchange-traded instruments and, as a result, prices for such instruments may not be readily available.

Concentration of Investments. The investment management agreements among Sabretooth and the Funds do not limit the amount of capital that may be committed to any single investment (including, with respect to the Sabretooth Funds, side pocket investments), industry or sector. While the Funds generally attempts to spread capital among a number of investments, at times they may hold a relatively small number of positions, each representing a relatively large portion of the Funds' capital. The Funds may at times have a relatively large portion of their capital exposed to a particular industry or market sector. Losses in one or more large positions, or a downturn in an industry or market sector in which the Funds are concentrated, could materially adversely affect the Funds' performance in a particular period and could have a materially adverse effect on the Funds' overall financial condition.

Temporary Investments in Liquid Assets. The Funds may at times keep a portion of their assets in cash, cash equivalents or other liquid assets, including, without limitation, currencies, bank deposits, certificates of deposit, bankers acceptances, one or more short duration funds (including, without limitation, money market instruments or investments in shares or units of money market funds) and/or government securities (both short-term and long-term). Such

investments may be financed by entering into repurchase agreements and/or reverse repurchase agreements with the Funds' brokers or by other means. Investors should be aware that such investments usually produce a lower return than other investments contemplated by the Funds and therefore may impact the overall performance of the Funds. The percentage of Fund assets held in cash or cash equivalents should not be taken as an indication that the Funds have not fully invested all of their assets. Further, Investors should not assume that an investment in a Fund is less risky due to the levels of cash and cash equivalents held by the Funds.

Limited Liquidity of Some Investments. The Funds may invest in securities (including, with respect to the Sabretooth Funds, side pocket investments) that, while they are publicly traded, are relatively illiquid. That may be because a security is thinly traded or because the Funds' position in a security is large in relation to the overall market for the security. The Funds may own securities that are relatively liquid when acquired but that become illiquid after the Funds invest. The Funds may not be able to liquidate illiquid securities positions if the need were to arise; rapid sales of such securities could depress the market value of those securities, reducing the Funds' profits, or increasing their losses, in the positions. The value assigned to illiquid securities (including thinly traded securities) and large blocks of securities for purposes of determining the Funds' net asset values may differ from the value the Funds are ultimately able to realize on those securities.

Substantial Positions in Portfolio Companies. From time to time the Funds may acquire positions in the securities of particular companies that, by themselves or when combined with positions held in other investment funds and accounts Sabretooth manages, comprise a substantial percentage of those companies' outstanding securities. Sabretooth and/or the Funds may be required to file with regulatory authorities reports of beneficial ownership of securities. In these cases, it may be difficult to liquidate or reduce the Funds' position in these securities, preventing the Funds from realizing profit or avoiding loss. In addition, there may be other circumstances under which the aggregate holdings of a security by the Funds, or Sabretooth's involvement with the issuer of that security, limit the Funds' ability to liquidate or reduce their position. Sabretooth may at times attempt to influence management of a particular company or exercise control of a company.

Market Dislocation and Illiquidity. Recent events in the sub-prime mortgage market and other areas of the fixed income markets in the United States have caused significant dislocations, illiquidity and volatility in the structured credit, leveraged loan and high-yield bond markets. These events have had repercussions on the global financial markets, including the markets in which the Funds trade and invest, by restricting the availability of credit generally, and reducing liquidity levels across virtually all markets globally. The foregoing events could lead to an overall weakening of the U.S. and global economies. Any resulting economic downturn could adversely affect certain of the Funds' investments. Such marketplace events also may restrict the ability of the Funds to sell or liquidate investments at favorable times and/or for favorable prices and/or cause the Funds to have limited access to credit. The Funds may be adversely affected by a decrease in market liquidity (e.g., by impairing the Funds' ability to adjust their positions and risk in response to trading losses or other adverse developments). The size of the Funds positions may magnify the effect of a decrease in market liquidity for the instruments traded. Changes in overall market leverage (e.g., deleveraging or liquidations by other market participants of the same or similar positions) also may adversely affect Fund positions. In

addition, there may be situations where, due to the volume of trading in the market, the Funds will be unable to have their trade orders executed fully and/or in a timely manner.

Stagnant Markets. Although volatility is one indication of market risk, certain of the investment strategies employed by Sabretooth rely for their profitability on market volatility contributing to the mispricings which they are designed to identify. In periods of trendless, stagnant markets and/or deflation, alternative investment strategies have materially diminished prospects for profitability.

Investment in Technology Stocks. Due to the historical volatility of investments in technology stocks, any exposure the Funds may have to technology companies may subject the Funds to greater risk than investment in stocks in many other sectors. Prices of technology stocks can fluctuate dramatically and abruptly. The potential magnitude and unpredictability of such volatility exposes the Funds to significant financial and market risk. Companies in the technology sector are particularly sensitive to competitive pressures, aggressive pricing and the additional risk that the new products developed by such companies will quickly become obsolete due to technological advances.

Timing of Gains and Losses. Some of the Funds' investments will be in securities the Funds must hold for significant periods before the success or failure of the investment becomes apparent or any gains can be realized. It may take longer for successful investments to realize their potential than for unsuccessful ones to reveal their weaknesses.

Portfolio Turnover. The Funds may have higher portfolio turnover than other investment funds. If that occurs, the brokerage commissions incurred by the Funds may be higher than those incurred by a fund with a lower portfolio turnover rate.

Accuracy of Public Information. Sabretooth selects investments for the Funds, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to Sabretooth by the issuers or through sources other than the issuers. Although Sabretooth evaluates all such information and data and ordinarily seeks independent corroboration when Sabretooth considers it is appropriate and reasonably available, Sabretooth is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available.

Risks Applicable to the Sabretooth Funds:

General Credit Risks. The Sabretooth Funds may seek to take advantage of opportunities in the distressed credit arena, and thus the Sabretooth Funds may be exposed to losses resulting from default and foreclosure. While assets purchased by the Sabretooth Funds may be collateralized, the Sabretooth Funds may be exposed to losses resulting from default. Therefore, the value of the underlying collateral, the creditworthiness of the borrower(s) or other counterparty and the priority of the lien are each of great importance. The Sabretooth Funds cannot guarantee the adequacy of the protection of the Sabretooth Funds' interests, including the validity or enforceability of underlying loan and securities documents and the maintenance of anticipated priority and perfection of applicable security interests. Furthermore, the Sabretooth Funds cannot assure that claims may not be asserted that might interfere with enforcement of rights that

are important to the value of a distressed asset. Liquidation proceeds upon sale of distressed assets may not satisfy the entire outstanding balance of principal and interest on a loan or security, resulting in a loss. Any costs or delays involved in the effectuation of the liquidation of the underlying collateral will further reduce the proceeds and thus increase the loss. Distressed credit assets may have large uncertainties or major risk exposures to adverse conditions, and certain of them may be considered to be predominantly speculative. Generally, such credit assets offer a potentially higher return, but involve greater volatility of price and greater risk of loss of income and investment. The market values of certain distressed credit assets also tend to be more sensitive to changes in economic conditions than non-distressed credit assets. Furthermore, if the Sabretooth Funds were to foreclose on those debt obligations and take possession of the related collateral, the Sabretooth Fund's activities with respect to such collateral could result in unrelated business taxable income for U.S. Federal income tax purposes, which could cause adverse U.S. Federal income tax consequences for U.S. tax-exempt persons.

Distressed/Bankruptcy Investing. The Sabretooth Funds may invest in unrated or "distressed" securities, i.e., securities of companies that are experiencing significant financial or business difficulties, including companies involved in debt restructurings, in bankruptcy or other reorganization and liquidation proceedings. The Sabretooth Funds may also purchase financial instruments of companies that have low credit quality, and purchase securities and loans that are in default. Although such investments may result in significant returns, they typically involve a high degree of risk. Among the problems involved in investments in such issuers is the fact that it frequently may be difficult to obtain information as to the conditions of such issuers. Restructurings or reorganizations may fail to be completed or be substantially delayed and expected returns on their securities may never materialize. In addition, a significant period of time may pass between the time at which the Sabretooth Funds make their investment in distressed securities and the time that any such reorganization is completed. During this period, it is unlikely that the Sabretooth Funds will receive any dividend, interest or other disbursements on the distressed securities; the Sabretooth Funds will be subject to significant uncertainty as to such successful completion and the Sabretooth Funds may be required to bear certain expenses to protect their interest in the course of negotiations surrounding any potential reorganization. Furthermore, nonperforming assets by their nature may prove uncollectible or not yield appreciable returns for considerable periods of time. The level of analytical sophistication, both financial and legal, necessary for successful investment in such assets, loans or claims is unusually high. Information necessary to properly evaluate a distress situation may be difficult to obtain or be unavailable and the risks attendant to a transaction may not necessarily be identifiable or susceptible of considered analysis at the time of investment. There is no assurance that Sabretooth will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or rehabilitation of a distressed asset or adequate realization upon such assets and claims. The Sabretooth Funds' performance may be substantially impaired by unsuccessful distressed or low credit investments. Optimal returns on distress situations may often require active participation in the transaction. While Sabretooth may on occasion seek representation or an active role in such matters, its commitments to various advisory activities may preclude extensive involvement and it may be unsuccessful in obtaining significant influence as to particular distressed investments.

Bank Loans. The Sabretooth Funds' investment program may include investments in bank loans and participations. These positions are typically illiquid and difficult to value. In addition,

in the case of such trading, Sabretooth may come into possession of material non-public information relating to the borrower, preventing the Sabretooth Funds from trading in any securities of such issuer. These obligations are subject to unique risks, including: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; and (iv) limitations on the ability of the Sabretooth Funds to directly enforce their rights with respect to participations. Bank loans are privately negotiated transactions, each of which has individualized terms. Analyzing these transactions requires in-depth review of the relevant documents as well as in-depth analysis of the often precarious financial condition of the borrower. In analyzing each bank loan or participation, Sabretooth compares the relative significance of the risks against the expected benefits of the investment. Successful claims by third parties arising from these and other risks will be borne by the Sabretooth Funds.

Loan Participations. The Sabretooth Funds may invest in loan participations. Investment in loan participations involves certain risks in addition to those associated with direct loans. A loan participant has no contractual relationship with the borrower of the underlying loan. As a result, the participant is generally dependent upon the lender to enforce its rights and obligations under the loan agreement in the event of a default and may not have the right to object to amendments or modifications of the terms of such loan agreement. A participant in a syndicated loan generally does not have the voting rights, which are retained by the lender. In addition, a loan participant is subject to the credit risk of the lender as well as the borrower, since a loan participant is dependent upon the lender to pay its percentage of payments of principal and interest received on the underlying loan. The Sabretooth Funds will acquire participations only if the seller of the participation is determined by Sabretooth to be creditworthy.

Risks Applicable to the SRO Funds and the Yang Funds:

Sovereign Debt. Securities issued by an emerging markets government, its agencies, instrumentalities or its central bank ("Sovereign Debt") involve significant risk. Sovereign Debt issued by many emerging markets is considered to be below investment grade, and should be viewed as speculative with respect to the issuing government's ability to make payments of interest and principal. Some Sovereign Debt may be the equivalent of debt accorded the lowest credit rating available by United States rating agencies. Although the secondary market for Sovereign Debt has been relatively liquid in recent years, there have been periods of illiquidity, and the SRO Funds and/or the Yang Funds may have difficulty disposing of certain Sovereign Debt from time to time. Many individual emerging markets are large debtors to commercial banks, foreign governments and international financial organizations. Some emerging markets have encountered difficulties in servicing their external debt obligations. These difficulties have led to agreements to restructure these debts, typically by rescheduling principal payments, reducing interest rates and principal amounts and extending new credit to finance interest payments on existing debt. Certain countries have not been able to make payments of interest on or principal of Sovereign Debt as such payments have come due. At times, certain emerging markets have declared moratoriums on the payment of principal or interest on outstanding debt. The following risks are inherent in an investment in Sovereign Debt.

The governmental entity that controls the repayment of Sovereign Debt may not be able or willing to repay the principal or interest when due in accordance with the terms of such debt. A governmental entity's willingness or ability to repay principal and interest due in a timely manner may be affected by, among other factors, regulatory changes, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the governmental entity's policy towards the International Monetary Partnership and, the political constraints to which a governmental entity may be subject. Governmental entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest arrearages on their debt. The commitment on the part of such foreign governments, agencies and others to make such disbursements may be conditioned on a governmental entity's implementation of economic reforms and/or economic performance and the timely service of such debtor's obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due may result in the cancellation of such third parties' commitments to lend funds to the governmental entity, which may further impair such debtor's ability or willingness to timely service its debts. Consequently, governmental entities may default on their Sovereign Debt.

Risks Applicable to the Yang Funds:

Exposure to Japanese Economy. A significant portion of the Yang Funds' assets will be invested in securities that are expected to appreciate in value in the event that the economy of Japan experiences a debt-driven bust. If such a debt-driven bust does not occur during the Yang Funds' life, investors should expect to lose most if not all of their investment in the Yang Funds. The likelihood of substantial and potentially complete capital loss makes any investment in the Yang Funds extremely high risk.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Funds. Prospective investors, in consultation with their financial, legal and tax advisers, should read the applicable Fund documentation before deciding to invest in a Fund.

Please see Items 4 (Advisory Business), 10 (Other Financial Industry Activities and Affiliations), 11 (Code of Ethics, Participation in Client Transactions and Personal Trading), and 12 (Brokerage Practices).

Item 9 DISCIPLINARY INFORMATION

None.

Item 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

The following is a list of private pooled investment vehicles together with the names of the applicable investment managers and/or general partners:

<i>Sabretooth Fund</i>	<i>Investment Manager</i>	<i>General Partner</i>
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Sabretooth Onshore Fund, L.P.	Sabretooth Capital Management, LLC	Sabretooth Capital Partners, LLC
Sabretooth Offshore Fund, Ltd.	Sabretooth Capital Management, LLC	N/A
Sabretooth Master Fund, L.P.	Sabretooth Capital Management, LLC	Sabretooth Capital Partners, LLC
Sabretooth SRO Onshore, L.P.	Sabretooth Capital Management, LLC	Sabretooth Capital Partners, LLC
Sabretooth Systemic Risk Opportunities Fund, Ltd.	Sabretooth Capital Management, LLC	N/A
Sabretooth Yang Onshore Fund, L.P.	Sabretooth Capital Management, LLC	Sabretooth Capital Partners, LLC
Sabretooth Yang Fund, Ltd.	Sabretooth Capital Management, LLC	N/A

Mr. Perry serves as a director of the Sabretooth Offshore Fund, Ltd., Sabretooth Systemic Risk Opportunities Fund, Ltd. and Sabretooth Yang Fund, Ltd.

POTENTIAL CONFLICTS OF INTEREST

The structure and payment of the Incentive Allocation and the Incentive Fee may involve a conflict of interest. The Incentive Allocation and the Incentive Fee could encourage Sabretooth to make riskier or more speculative investments than it otherwise would. The aggregate fees and allocations that Sabretooth and the General Partner receive from the Funds may be greater than amounts received by some investment advisers and general partners for similar services, although they may be lower than amounts received by other investment advisers and general partners. Further, since the Incentive Allocation and the Incentive Fee generally are calculated on a basis that includes unrealized appreciation of the Funds' assets, they may be greater than if they were based solely on realized gains.

Sabretooth and its respective members and employees devote as much of their time and resources to the activities of the Funds as each deems necessary and appropriate. None of the investment management agreements restrict Sabretooth or its principals and affiliates from entering into other investment advisory relationships or engaging in other business activities, even though those activities may be in competition with the Funds and/or may involve substantial amounts of time and resources. Sabretooth and its affiliates currently serve as the investment manager and general partner to the Sabretooth Funds, the SRO Funds and the Yang Funds, which each have similar investment strategies, and Sabretooth and its affiliates may serve as the investment manager or general partner to other investment funds and/or pooled investment vehicles, and may act as the investment manager to separate client accounts. These other funds, vehicles or accounts may have investment objectives substantially the same as, or that overlap with, those of the Funds, or may have investment objectives that are substantially different from those of the Funds. These other funds, vehicles or accounts may afford investors or accountholders more advantageous information, liquidity or other rights than those afforded to the investors in the Funds and may have different compensation arrangements. Further, differences in compensation arrangements or interests by Sabretooth and its affiliates and the principals in other accounts could be viewed as creating incentives for Sabretooth to favor one or

more accounts over other accounts. These activities could be viewed as creating a conflict of interest in that the time, effort and resources of Sabretooth and/or its personnel are not devoted exclusively to the business of the Funds, but must be allocated between that business and the other activities.

Conflicts of interest could also arise in connection with transactions among the accounts of the Funds, any other advisory clients of Sabretooth and/or its affiliates, and Sabretooth or its employees and members. In some cases, the Funds may seek to buy or sell the same security or other investment at the same time. In those cases, Sabretooth may combine purchase and sale orders on behalf of the Funds. When it does so, it will generally allocate the proceeds arising out of those transactions (and the related transaction expenses) on an average price basis among the various participants in the transactions. At times, however, Sabretooth may cause one or more of the Funds to effect transactions that differ in substance, timing and amount, from transactions for the other Funds. This may be due to, among other things, differences in investment objectives or other factors affecting the appropriateness or suitability of particular investment activities to the Funds, limitations on the availability of particular investment or transactional opportunities or differences in withdrawal or redemption rights. Sabretooth may cause the Funds to effect “cross” transactions when Sabretooth believes such a transaction is beneficial to both parties. Sabretooth will allocate transactions and opportunities among the various accounts it manages in a manner it believes to be as equitable as possible, considering each account’s objectives, programs, limitations and capital available for investment, but even accounts with similar objectives will often have different investment portfolios.

Neither Sabretooth nor any of its principals or affiliates has any obligation to provide the Funds with any particular investment opportunity or to refrain from taking advantage of an investment opportunity that could be beneficial to the Funds. The investment management agreements permit Sabretooth to cause the Funds to engage in transactions with or involving (including investing in) companies in which Sabretooth or its affiliates have an interest. In addition, Sabretooth’s investment decisions as to the accounts it manages may in some circumstances preclude one or more of the Funds from making investments that Sabretooth would otherwise cause such Fund to make.

Sabretooth’s selection of brokers, dealers and other financial intermediaries and market participants to execute portfolio transactions for the Funds and act as counterparties in securities and derivatives transactions will be based in part on the research and other information, products and services these parties provide to Sabretooth and/or its affiliates. Sabretooth may use that information, products and services in servicing other Funds or accounts (including its own or those of its affiliates). Sabretooth’s receipt of such information, products and services can give rise to conflicts of interest.

To the extent a prime broker of the Funds provides services directly to Sabretooth, Sabretooth may have a conflict of interest in causing the Funds to select or retain a prime broker and/or in negotiating with a prime broker the economic terms on which such prime broker provides its services to the Funds.

Sabretooth has substantial discretion in determining the value of Sabretooth’s assets. While most marketable securities are valued based on prices reported in the public markets, at times the size

of a block of securities held by the Funds or temporary restrictions on resale may justify imposing a discount to the market-determined value. In addition, while thinly-traded or non-marketable securities will generally be carried at fair value, circumstances could arise in which the value the Funds assign to them should be reduced. Determinations relating to whether and how much to reduce the value of securities in any of these circumstances, and how to value assets as to which no prices or quotations are available, are based on Sabretooth's recommendations to the Funds' administrator.

Sabretooth may face a conflict of interest in making any valuation decisions or recommendations. Application of a discount to the value of marketable securities or the assignment of a relatively low value to nonmarketable securities would reduce, and may eliminate, any Incentive Allocation or Incentive Fee to which Sabretooth or the General Partner would otherwise be entitled to for the period ending on a valuation date or increase the amount of loss carryforward to be recovered before an Incentive Allocation or Incentive Fee would be payable. Any reduction in the value of any assets held by the Funds would reduce the amount of Management Fee to which Sabretooth is entitled.

Please see Items 4 (Advisory Business), 8 (Methods of Analysis, Investment Strategies and Risk of Loss), 11 (Code of Ethics, Participation in Client Transactions and Personal Trading), and 12 (Brokerage Practices).

Item 11 CODE OF ETHICS, PARTICIPATION IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Sabretooth has adopted a code of ethics (the "Code") pursuant to Rule 204A-1 of the Investment Advisers Act of 1940, as amended (the "Advisers Act"). The Code requires that Sabretooth and its personnel fully comply with all applicable laws and regulations governing the provision of investment management services. The Code also highlights the fiduciary duty that Sabretooth owes to its clients, including the affirmative duty to put the best interests of Sabretooth clients ahead of the interests of Sabretooth and its Supervised Persons, and to make full and fair disclosure of all material facts. Each Supervised Person at Sabretooth must act with in an ethical manner when dealing with the public, the Funds, investors and prospective investors in the Funds, service providers and fellow Supervised Persons. Finally, the Code requires that Supervised Persons adhere to the highest standards with respect to any potential conflict of interest with clients and each Supervised Person is required to certify to their compliance with the Code initially upon joining Sabretooth and no less than annually thereafter.

The Code governs personal trading by Supervised Persons. Sabretooth's Supervised Persons are generally not permitted to purchase or sell any security without providing advance written notice to Sabretooth's Chief Compliance Officer and are prohibited from transacting in a purchase or sale of a security that is on Sabretooth's list of restricted securities. Supervised Persons are permitted to make certain personal investments without the prior written approval of the Chief Compliance Officer, such as investments in (i) direct obligations of the government of the United States; (ii) bankers' acceptances, bank certificates of deposit, commercial paper and high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by money market funds; shares issued by registered investment companies (mutual funds); and (iv) shares

issued by unit investment trusts that are invested exclusively in one or more registered investment companies.

In addition, the Code requires Supervised Persons to provide the Chief Compliance Officer with certain securities holdings reports and periodic transaction statements, as required by Advisers Act Rule 204A-1.

The Code imposes certain requirements on Supervised Persons to identify and refrain from certain conflicts of interest, including, without limitation, prohibitions against directing client transactions for the purpose of obtaining a personal benefit and personal business dealings with clients or investors. The Code also limits Supervised Persons' ability to accept offers of gifts or entertainment from third parties.

Violations of the Code must be promptly reported to the Chief Compliance Officer, who is primarily responsible for administering and enforcing the Code. A violation of the Code may result in the imposition of disciplinary and remedial measures, including, without limitation, disgorgement or termination.

The Code is available to clients upon request by contacting us at the following address:

Sabretooth Capital Management, LLC
405 Lexington Avenue, 50th Floor
New York, New York 10174
Attention: Chief Compliance Officer
Telephone: 212-542-9192
Facsimile: 212-542-9181
Email: Compliance@sabretoothllc.com

Please see Items 10 (Other Financial Industry Activities and Affiliations) and 12 (Brokerage Practices).

Item 12 BROKERAGE PRACTICES

BEST EXECUTION

In the course of its investment activities the Funds may incur substantial transaction expenses, including brokerage commissions and futures commissions. Sabretooth will have complete discretion in deciding what brokers and dealers the Funds will use and in negotiating rates of brokerage and futures compensation. In addition to using broker-dealers as "agents" and paying commissions, the Funds may buy or sell securities directly from or to dealers acting as principal at prices that include markups or markdowns.

In choosing broker-dealers and futures commissions merchants (collectively "brokers"), Sabretooth is not required to consider any particular criteria. For the most part, Sabretooth seeks "best execution" of the transactions of the Funds. In evaluating whether a broker will provide "best execution," Sabretooth considers a range of factors. These include historical net prices (after markups, markdowns or other transaction-related compensation) on other transactions; the execution, clearance, and settlement and error-correction capabilities the broker generally and in

connection with securities of the type and in the amounts to be bought or sold; the broker's willingness to commit capital; the broker's reliability and financial stability; the size of the transaction; availability of securities to borrow from the broker for short sales; and the market for the security. As discussed below, Sabretooth is not required to select the broker that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers.

In placing a securities transaction, the importance of the specific criteria will vary depending upon the nature of the transaction, the asset class, the market in which it is effected, and the extent to which it is possible to select from among multiple brokers or dealers capable of effecting the transaction.

Pursuant to Sabretooth's policy on best execution, Sabretooth's senior management, Mr. Perry and Mr. Kalir, will meet semi-annually to evaluate the brokerage services utilized by the Funds, including the review and determination of matters relating to soft dollars and best execution. Sabretooth's review will consider and document, among other things:

- the execution quality of broker-dealers or other intermediaries;
- the reasonableness of brokerage commissions and mark-ups and mark-downs in light of the brokerage and research services received;
- the composition of the list of approved broker-dealers through whom Sabretooth may execute client transactions
- the relative benefit to clients of research paid for by soft dollars and the allocation of the cost of any "mixed use" research products;
- the nature of research products paid for by soft dollars and their qualification for protection under Section 28(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and
- potential conflicts of interest arising from business dealings with executing broker-dealers by Sabretooth, including the receipt of investor referrals.

SOFT DOLLARS

Where, considering all relevant factors, it believes a broker can provide "best execution," Sabretooth may select that broker in recognition of the value of various services or products, beyond transaction execution, that the broker provides to the Funds or Sabretooth. Further, the amount of compensation the Funds pay such a broker may be higher than what another, equally capable broker might charge. Selecting a broker in recognition of services or products other than transaction execution is known as paying for those services or products with "soft dollars." Because many of those services could benefit Sabretooth, Sabretooth may have a conflict of interest in allocating Fund brokerage business, including an incentive to cause the Funds to effect more transactions than it might otherwise do in order to obtain those benefits. The extent of that conflict depends in large part on the nature and uses of the services and products acquired with

soft dollars. The investment management agreement between Sabretooth and the Funds authorize Sabretooth to use the Funds' soft dollars to acquire a wide range of services and products.

The Funds may use brokerage compensation (as well as interest a broker receives on the Funds' cash balances, margin borrowings, and borrowings of securities to maintain short positions) to pay the broker for recordkeeping, custodial, and related services provided to the Funds. The Funds would otherwise be obligated to bear these expenses and Sabretooth therefore does not believe it has a meaningful conflict of interest in using soft dollars to pay them.

Sabretooth may also use soft dollars to acquire a variety of "research services" and "brokerage services" for which the Funds would not otherwise be required to pay. Section 28(e) of the Exchange Act provides a "safe harbor" to investment managers who use commission dollars generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the manager in the performance of investment decision-making responsibilities. Conduct outside of the safe harbor afforded by Section 28(e) is subject to the traditional standards of fiduciary duty under state and U.S. federal law. Sabretooth intends to use commission dollars generated by the Funds' brokerage account(s) to obtain only such investment research and brokerage services or products as permitted under the safe harbor afforded by Section 28(e). However, Sabretooth may use soft dollars to acquire products and services that are outside the scope of Section 28(e).

TRADE AGGREGATION

Sabretooth's overall objective is to treat the Funds in a fair and equitable manner, depending on the particular facts and circumstances and the needs and financial objectives of the Funds, such that allocations are not based upon account performance, applicable fee structures or the appearance of otherwise preferential treatment, and tradable position sizes are retained in each portfolio. Sabretooth avoids any action that could result in an unfair or inequitable disadvantage to any Fund or unfair or inequitable advantage to any proprietary account.

Based on the foregoing, set forth below are Sabretooth's general policies and procedures regarding the allocation of investments among, and the aggregation of orders placed on behalf of, the Funds:

- (i) Sabretooth aggregates trades, unless it believes that doing so would conflict or otherwise be inconsistent with its duty to seek best execution for the Funds. When Sabretooth believes that it can effectively obtain best execution for the Funds by aggregating trades, it will do so for all accounts for which the trades are both suitable and consistent with the respective investment advisory contracts, investment guidelines and other agreements and understandings relating to the Funds, unless Sabretooth otherwise would be prohibited or restricted from aggregating such trades under applicable law or by virtue of any agreement, instrument or other document to which Sabretooth is bound.

- (ii) Each Fund that participates in an aggregated security order will participate at the average share price for such order on a given business day (although, with respect to option contracts, determining the average price may not be possible), with transaction costs shared *pro rata* based on each Fund's participation, unless otherwise required by contract or applicable law. Sabretooth shall not favor any Fund over any other Fund or account.
- (iii) Orders generally are allocated in order to provide participating Funds with the desired level of exposure for each such participating Fund, as determined by Sabretooth.
- (iv) Sabretooth may employ an allocation method other than average pricing as described above including, but not limited to, allocating trades based on (1) the amount of available cash in a particular Fund or the need of a particular Fund for cash flow, (2) allocating trades based upon a uniform target percentage holding across all participating Funds (unless there are limit orders), or (3) any other method, provided, that Sabretooth may only depart from average pricing if:
 - (a) under the circumstances, such other allocation method is reasonable, employed in good faith and does not result in an unfair or inequitable disadvantage to any Fund; and
 - (b) prior to or contemporaneously with entering into any trade, Sabretooth shall prepare a written allocation statement specifying (i) the participating Funds, and (ii) the method of allocation.

Please see Item 10 (Other Financial Industry Activities and Affiliations).

Item 13 REVIEW OF ACCOUNTS

Sabretooth shall exercise its fiduciary duty towards the Funds to act in their best interests at all times, including among other things: (i) ensuring that the investment advice provided to each Fund is suitable to such Fund's particular investment objectives, needs and circumstances; (ii) ensuring fair and equitable allocation of securities among the Funds and in the aggregation of orders; and (iii) correcting trade errors promptly and in a manner consistent with the best interests of the Funds, regardless of the cause or origin of the error.

Sabretooth believes that effective position monitoring and exiting are important determinants of an investment's profitability. Accordingly, Sabretooth actively monitors portfolio investments and assess investments against new facts and past performance. Additionally, Sabretooth sets aside dedicated time weekly, if not more frequently, to review the Funds' portfolio in their entirety. The purpose is to assess each significant investment thesis, proactively identify pitfalls and enable thoughtful, regular decisions on whether to exit. Sabretooth also uses this regular

review to scrutinize portfolio-level risks and the interactions among different parts of the portfolio.

Sabretooth's Chief Compliance Officer also reviews the Funds' portfolio investments on a periodic basis to ensure that the Funds' assets are managed in accordance with the Funds' investment objectives and trading strategy.

Investors in the Funds are provided with annual reports containing financial statements examined by the Funds' independent auditors within 120 days after the end of each taxable year. Investors are also provided with quarterly reports reviewing the Funds' performance for such quarter.

Item 14 CLIENT REFERRALS AND OTHER COMPENSATION

Sabretooth does not receive an economic benefit from a person who is not a client for providing investment advice to a client. Neither Sabretooth nor a related person compensates any person who is not a Supervised Person for client referrals. Prime brokers, which receive commissions and other payments from the Funds, from time to time provide Sabretooth with introductions to potential investors. There is not an agreement on the part of Sabretooth to use any particular level of prime brokerage services or to continue to use any prime brokerage services or on the part of any prime broker to provide any particular number or type of introductions. Please see Items 10 (Other Financial Industry Activities and Affiliations) and 12 (Brokerage Practices).

Item 15 CUSTODY

Sabretooth and its affiliates have custody of the assets of the Funds. The Funds distribute their annual audited financial statements to their investors within 120 days of their fiscal year-end. Sabretooth urges investors to carefully review the audited financial statements of the Fund(s) in which they are invested. Investors are not otherwise provided with quarterly account statements directly from the Funds' custodian.

Item 16 INVESTMENT DISCRETION

Sabretooth and its affiliates have discretionary authority to manage the assets of the Funds pursuant to an investment management agreement with the Funds. Sabretooth makes investment decisions on behalf of the Funds in accordance with the Funds' investment objectives. For more information, please see Item 4 (Advisory Business), above.

Item 17 VOTING CLIENT SECURITIES

Sabretooth has been granted the authority to vote the shareholder proxies received by the Funds. Sabretooth has adopted a proxy voting policy pursuant to Advisers Act Rule 206(4)-6. Sabretooth's policy is to act in the best interest of its clients when exercising its proxy voting authority. Sabretooth dutifully analyzes the issues involved with all shareholder votes. Sabretooth will generally vote proxies in accordance with the guidelines included in its proxy voting policy and will generally vote in the same manner for all clients holding a particular security, subject to the investment objectives and best interests of the client. With respect to matters not covered by such guidelines, Sabretooth will evaluate the probable impact on

corporate operations, and vote proxies in what it views to be in accordance with the best interests of its clients. These policies and procedures do not mandate that Sabretooth vote every client proxy that it receives. There may be circumstances when refraining from voting a proxy is in a client's best interest, such as when and if Sabretooth determines that the cost of voting the proxy exceeds the expected benefit to the client.

The Chief Compliance Officer will be primarily responsible for receiving, processing and voting client proxies, in consultation with Sabretooth's senior management or their designees. All proxies received by Sabretooth will be delivered to the Chief Compliance Officer, who will:

- (i) log the receipt of the proxy materials received in a pending file until the proxy is voted by Sabretooth (or a determination not to vote the proxy is made);
- (ii) record each vote cast by Sabretooth on behalf of its clients on the proxy voting log;
- (iii) determine whether the client(s) that are the beneficial owner(s) of the securities subject to the proxy has delegated proxy voting authority to Sabretooth;
- (iv) confirm that the proxy materials received relate to the correct number of shares, as of the record date;
- (v) together with Sabretooth's legal counsel, identify any material conflicts of interest in regard to voting on the matter presented to shareholders in the proxy, such identification process to include a review of the relationship of Sabretooth with the issuer of each security and any of the issuer's affiliates to determine whether the issuer is a client of Sabretooth or has some other relationship with: (a) Sabretooth, (b) its principals or employees, or (c) any client of Sabretooth; and
- (vi) vote on all matters presented in proxies by completing them and mailing them or responding electronically in a timely and appropriate manner in compliance with the guidelines set forth in Sabretooth's proxy voting policy.

Sabretooth will not put its own interests ahead of a client's interest at any time, and will resolve any potential conflicts between its interests and those of its clients in favor of its clients. The Chief Compliance Officer, in consultation with Sabretooth's legal counsel, will be primarily responsible for determining whether a conflict of interest exists in connection with any proxy vote. The Chief Compliance Officer will presume a conflict of interest to exist whenever Sabretooth or any partner, member, affiliate, subsidiary or employee of Sabretooth has a personal or business interest in the outcome of a particular matter before shareholders. Sabretooth's proxy voting policy contains additional guidance for determining when a conflict of interest might exist.

A presumption of a conflict of interest will not necessarily prevent Sabretooth from voting client proxies. In the event that Sabretooth perceives a direct or indirect conflict to exist between Sabretooth's interests and those of its clients, Sabretooth will, in each event, promptly disclose these conflicts to the affected client in writing and obtain the client's prior written consent before exercising any proxy voting authority over the client proxy. In addition, putative conflicts deemed by the Chief Compliance Officer, in conjunction with Sabretooth's senior management and legal counsel, to be immaterial to a shareholder vote will not prevent Sabretooth from voting the related proxies.

Generally, the Funds cannot direct how Sabretooth votes a particular proxy.

Sabretooth's proxy voting policy is available to clients upon request by contacting us at the following address:

Sabretooth Capital Management, LLC
405 Lexington Avenue, 50th Floor
New York, New York 10174
Attention: Chief Compliance Officer
Telephone: 212-542-9192
Facsimile: 212-542-9181
Email: compliance@sabretoothllc.com

Additionally, investors in the Funds may contact the Chief Compliance Officer during regular business hours, via email or telephone, to obtain information on how Sabretooth voted proxies for the past 5 years.

Item 18 FINANCIAL INFORMATION

Sabretooth does not require or solicit prepayment of fees six months or more in advance.

Sabretooth is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

Sabretooth has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19 REQUIREMENTS FOR STATE REGISTERED ADVISERS

Not applicable.