

PART 2A FORM ADV

FIRM BROCHURE

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This brochure provides information about the qualifications and business practices of MIG Capital, LLC. If you have any questions about the contents of this brochure, please contact us at (949) 474-5800 and/or ir@migcap.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

MIG Capital, LLC is registered with the SEC as an investment adviser. Being a "registered investor adviser" or describing ourselves as being "registered" does not imply a certain level of skill or training.

THIS BROCHURE IS NOT AN OFFER TO SUBSCRIBE FOR OR PURCHASE ANY SECURITIES.

Item 2. Material Changes

Although our business practices that we are required to describe in this brochure have not materially changed since the prior filing of our Form ADV Part 2A (or “**brochure**”) dated March 2012, some of the disclosures in this brochure have been materially revised, in an effort to better describe our business practices. Many of these changes that are material, and the Items in this brochure to which they relate, are summarized in further detail below. We also encourage you to carefully read the corresponding Items in this brochure for full details.

- Item 4: We added reference to our new legal name, MIG Capital, LLC (f/k/a MIG Absolute Return, LLC), and provided additional disclosures regarding our principal owners and the funds that we manage. We also clarified that all of our clients’ assets are managed by us on a discretionary basis.
- Item 5: We revised the disclosures relating to the fees and expenses payable by our clients in order to streamline the disclosures made for our clients that pay similar types of expenses, and to provide additional details relating to fee waivers and reductions, and payment of our clients’ organizational expenses.
- Item 6: We added details relating to waivers and reductions related to performance-based compensation arrangements, and have also explained how some of our clients will take into account the performance of certain illiquid assets in calculating any applicable performance-based compensation.
- Item 10: We listed an additional affiliated entity, and have supplemented our disclosures on certain material relationships between MIG Capital, LLC and its affiliates, and on certain conflicts of interest that are applicable to us and our business.
- Item 11: We disclosed that our affiliates, and clients of our affiliates, may make investments in our clients, and certain of such persons and other affiliated investors, directly or indirectly, have contributed all or a substantial portion of the capital in some of our clients.
- Item 12: We updated our disclosures on the factors we consider in selecting or recommending broker-dealers for client transactions, and on our soft dollar policies and practices.
- Item 13: We added disclosures relating to the frequency and nature of our account review practices, and the persons responsible for such review practices.
- Item 17: We revised our disclosures on our proxy voting policies and procedures, and related conflicts.

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Item 4. Advisory Business

A. Organization and Ownership

MIG Capital, LLC (“**MIG**” or the “**Investment Manager**”) is a Delaware limited liability company organized on August 11, 2003. MIG’s principal owners are the E-Richard Merage GST 09 Trust and the Paul Merage GST 02 Trust, each of which are family trusts established by and for the benefit of certain members of the Merage family. MIG was formerly known as MIG Absolute Return, LLC, Falcon Investment Management, LLC and Vestar Strategic, LLC.

B. Advisory Services

MIG provides investment advisory services to several pooled investment vehicles organized inside or outside the U.S. that were organized to accept investment from qualified investors (collectively, the “**MIG Funds**” or the “**Clients**”). Certain of the MIG Funds primarily invest directly in publicly-traded securities, while other MIG Funds invest in pooled investment vehicles managed by third party managers. A brief description of the MIG Funds and their applicable investment strategies is set forth below.

MIG Master Fund and Feeder Funds

MIG Onshore Fund, L.P. is a Delaware limited partnership that invests substantially all or all of its assets in MIG Master Fund, L.P. (the “**MIG Master Fund**”), which itself is an exempted limited partnership organized under the laws of the Cayman Islands. Similarly, MIG Offshore Fund, Ltd. (together with MIG Onshore Fund, L.P., the “**Feeder Funds**”), an exempted company organized under the laws of the Cayman Islands invests substantially all or all of its assets in the MIG Master Fund. The investment objective of MIG Master Fund (and of the Feeder Funds invested therein) is to generate absolute returns by leveraging the operational expertise of MIG’s investment team within consumer-facing industries to construct a long/short portfolio of mostly public equities. MIG seeks to achieve superior long-term, risk-adjusted investment returns for these MIG Funds while minimizing the risk of permanent capital loss through in-depth fundamental business analysis combined with rigorous financial analysis.

MIG Diversified Fund, L.P.

MIG Diversified Fund, L.P. (“**MIG Diversified**”) is a Delaware limited partnership that pursues a “fund of funds” strategy. MIG Diversified seeks to deliver absolute returns with moderate beta and volatility to traditional asset classes such as equity and credit. MIG Diversified is globally-inclusive and multi-strategy focused, and seeks to allocate capital to underlying funds managed by portfolio managers that demonstrate an ability to achieve repeatable top quartile performance, as compared to broader hedge fund performance indexes.

MIG Sector Select Fund, L.P.

MIG Sector Select Fund, L.P. (“**MIG Sector Select**”) is a Delaware limited partnership that pursues a “fund of funds” strategy. MIG Sector Select seeks to obtain absolute returns by investing in equity long short funds managed by sector specialists. The overall portfolio of MIG Sector Select is invested utilizing a positive net beta exposure. The investment objective of MIG Sector Select is to allocate to underlying funds managed by portfolio managers that demonstrate an ability to achieve repeatable top quartile performance, as compared to their respective peer groups (as determined by MIG).

MIG Quantitative Funds

MIG US Large Cap Fund, L.P. (“MIG US Large Cap”): MIG US Large Cap is a long-only fund that uses a disciplined quantitative investment process based on both proprietary and public academic research to select large capitalization stocks in the US. The strategy seeks to generate excess returns relative to US Large Cap benchmarks while maintaining risk characteristics similar to the benchmark.

MIG US Small Cap Fund, L.P. (“MIG US Small Cap”): MIG US Small Cap is a long-only fund that uses a disciplined quantitative investment process based on both proprietary and public academic research to select small capitalization stocks in the US. The strategy seeks to generate excess returns relative to US Small Cap benchmarks while maintaining risk characteristics similar to the benchmark.

MIG Global Fund, L.P. (“MIG Global”): MIG Global is a long-only fund that uses a disciplined quantitative investment process based on both proprietary and public academic research to select stocks in developed and emerging markets excluding the US. The strategy seeks to generate excess returns relative to global equity benchmarks while maintaining risk characteristics similar to the benchmark.

C. Tailoring of Investment Advice

MIG tailors its investment decisions for each of its Clients in accordance with the terms of the applicable private placement memorandum (“**PPM**”), limited partnership agreement and/or investment management agreement (collectively, the “**Governing Documents**”). Except to the extent set forth in any applicable Client’s Governing Documents with respect to certain established strategy or other limitations that MIG pursues on behalf of such Client, MIG’s Clients generally do not impose upon MIG any restrictions on investing in certain securities or types of securities.

D. Wrap Fee Programs

MIG does not provide portfolio management services to any wrap fee programs.

E. Assets Under Management

MIG manages all of its Clients’ accounts on a discretionary basis. As of April 30, 2012, MIG’s assets under management were approximately \$457,389,595.

Item 5. Fees and Compensation

A. Compensation

The Feeder Funds pay MIG a management fee, generally payable monthly in arrears, in the range of 1.25% to 1.75% per annum of the aggregate capital account balances of fee-paying investors in each applicable Feeder Fund as of the end of each calendar month, as specified in further detail in the Feeder Funds' Governing Documents.

The specifics of each management fee arrangement are fully described in the Governing Documents of each applicable MIG Fund. At MIG's sole discretion, management fees applicable to one or more investors in the MIG Funds may be reduced, waived or, with the consent of the applicable investor, calculated differently, and management fees are currently waived or reduced for certain investors that are or are comprised of persons or entities affiliated with the Merage family. Certain MIG Funds are currently in early stages of their operations and are not currently subject to the payment of management fees, but expect that future investors therein may be charged such fees, at rates consistent with or less than the range set forth above.

Certain MIG Funds also compensate affiliates of MIG through performance-based profit allocations or fees, as described in Item 6.

With respect to any MIG Fund (an "**Investing MIG Fund**") that invests all or a portion of its assets in another underlying MIG Fund, management fees and performance-based profit allocations or fees (if any) will generally be waived at the level of the Investing MIG Fund with respect to any assets thereof that are allocated to an underlying MIG Fund. However, the Investing MIG Fund will, as an investor in an underlying MIG Fund, bear its pro rata share of the management fees and performance-based profit allocation or fee charged to investors in the underlying MIG Fund.

B. Payment of Fees

MIG does not bill the investors in any MIG Funds for management fees or performance-based profit allocations or fees. Rather, management fees are deducted from the assets of the applicable MIG Funds on a monthly basis in arrears. Each applicable MIG Fund charges its management fee to the capital accounts or shares, as applicable, of each fee-paying investor in such MIG Fund accordingly. Similarly, the performance-based profits allocations or fees are made within the applicable MIG Funds generally at the end of each year, or sooner with respect to any investor who withdraws or redeems from an applicable MIG Fund at any time other than at the end of a fiscal year.

C. Other Fees

Each of the MIG Funds (and indirectly, the underlying investors therein) will pay or otherwise bear various additional fees and expenses. These are generally outlined below, and additional information regarding the payment of fees and expenses are also included in each Client's Governing Documents.

Investors in certain MIG Funds may be subject to the payment of withdrawal fees. The specifics of any withdrawal fee arrangement are described in the Governing Documents for each MIG Fund in which such a fee is charged. Currently, withdrawal fees are only charged by the Feeder Funds. For Class A interests or shares of the Feeder Funds, MIG charges an early withdrawal fee of 3% in the event of a withdrawal or redemption in the first twelve months of an investment. Under certain circumstances, the withdrawal fee may be waived at the discretion of MIG.

Each of the MIG Funds will generally bear their own operating and other expenses, which may include, but are not limited to, investment-related expenses (*e.g.*, brokerage commissions and transaction costs, clearing and settlement charges, custodial fees, interest expense, consulting, investment banking and any other professional fees or compensation relating to particular investments or contemplated investments, investment-related travel and lodging expenses and research-related expenses, including, without limitation, quotation equipment and services), expenses related to risk management provided by third parties, third-party valuation services, expenses relating to reports provided to underlying investors, legal and compliance expenses (which include, without limitation, indemnification expenses and expenses associated with regulatory filings relating to the applicable MIG Fund and for its respective portfolio), internal and external accounting, audit and tax preparation expenses, organizational expenses, expenses relating to the offer and sale of interests or shares in the relevant MIG Fund (excluding any marketing expenses), entity-level taxes, fees to an administrator, expenses related to the maintenance of the MIG Fund's registered office, corporate licensing, extraordinary expenses and other similar expenses related to the MIG Fund. The actual expenses borne by each MIG Fund may vary, as set out in the Governing Documents for each MIG Fund.

Each MIG Fund has also paid or reimbursed, or will reimburse, MIG and/or its affiliates for all expenses related to organizing such MIG Fund, including, but not limited to, legal and accounting fees, printing and mailing expenses and government filing fees (including blue sky filing fees). In the discretion of MIG or an affiliate thereof, the amount payable by any MIG Fund (particularly during a start-up period) for certain types of organizational expenses may also be capped at a predetermined amount, with MIG or its affiliates, as applicable, paying for any amounts in excess of any relevant cap. In any such arrangements, MIG may be entitled to be reimbursed all or a portion of the amounts paid by it, generally following a MIG Fund's start-up period. Further information regarding the organizational expenses payable by any MIG Fund may also be included in the Governing Documents for such MIG Fund.

Each of the Feeder Funds bears its own costs and expenses as described above, and also bears its *pro rata* share of the MIG Master Fund's costs and expenses.

Each of MIG Diversified and MIG Sector Select, because they pursue a "fund of funds" strategy, will pay their own direct costs and expenses, as well as their proportionate shares of the costs and expenses payable by the underlying portfolio funds in which they each invest. They will also pay management fees and performance-based compensation to the third-party managers of those underlying portfolio funds.

Each MIG Fund will also pay brokerage fees and other transaction costs of any prime brokers and/or custodians they may use from time to time, as further discussed in Item 12.A.

To the extent that fees and expenses of a MIG Fund (including management fees) are identifiable with a particular class of interests in such MIG Fund, MIG charges such fees and expenses solely to the relevant class, as applicable. Investors in any MIG Fund will generally bear all other expenses of the applicable MIG Fund generally *pro rata* in accordance with their account balances or the net asset value of their shares in such MIG Fund.

D. Fees Payable in Advance

MIG Funds generally do not pre-pay management fees to MIG.

E. Compensation for the Sale of Securities

Neither MIG nor any of its supervised persons accepts any compensation for the sale of securities or other investment products, including interests in the MIG Funds.

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

Performance-Based Profits Allocations or Fees

Certain MIG Funds compensate affiliates of MIG through performance-based profit allocations or fees (collectively, “performance-based compensation”) with respect to investments made in such MIG Funds by fee-paying underlying investors. The specifics of each performance-based compensation arrangement are fully described in the Governing Documents for each applicable MIG Fund. For those MIG Funds that are charged performance-based compensation, such compensation is generally paid (or made, in the case of profit allocations) at the end of each fiscal year, in an aggregate amount equal to a specified percentage of the excess of any net capital appreciation allocated to the capital accounts or shares, as applicable, of the underlying investors in each applicable MIG Fund. For the MIG Master Fund, such percentage is either 17.5% or 20% (depending on the applicable class of interests). The amount of such performance-based compensation is then reallocated to the capital accounts of each applicable MIG Fund’s general partner (MIG Capital Advisors, LLC, an affiliate of MIG) and another entity affiliated with MIG, or paid to such persons. No performance-based compensation shall be made or paid with respect to any capital account or shares of any underlying investor in a MIG Fund until a “loss recovery account” relating to such capital account has recovered any credits for aggregate net capital depreciation, if any, previously allocated to such capital account, or any shares of an underlying investor in a MIG Fund have exceeded their prior high net asset value. At MIG’s sole discretion, performance-based profits allocations applicable to certain investors in one or more MIG Funds may be reduced, waived or, with the consent of the applicable investor, calculated differently, and performance-based compensation is currently waived or reduced for certain investors that are or are comprised of persons or entities affiliated with the Merage family. If an underlying investor in a MIG Fund withdraws capital or redeems its shares from such MIG Fund at any time other than at the end of a fiscal year, any applicable performance-based compensation arrangement with respect to the amount withdrawn or redeemed will be reallocated or paid to affiliates of MIG in the manner set forth above. MIG Master Fund and the Feeder Funds may hold certain illiquid investments that are designated as such by the general partner of MIG Master Fund as “Designated Investments”, and the profits and losses from the sale (including any deemed sale) of any such investment will only be taken into account for purposes of calculating any applicable performance-based profit allocation in the year such sale occurs.

Other MIG Funds are currently in early stages of their operations and may charge performance-based compensation at varying rates (which are in any event lower than the rates applicable to the MIG Master Fund, as specified above), or may not presently charge performance-based compensation to their investors. However, it is expected that to the extent such MIG Funds (including the MIG Quantitative Funds and the Funds of Funds) charge performance-based compensation to future investors, they will do so at rates consistent with or less than the rates set forth above.

The fact that certain of the MIG Funds compensate MIG and its affiliates based on the performance of the investments managed by MIG may create an incentive for MIG to give certain MIG Funds preferential treatment in the allocation of more attractive investment

opportunities and/or to make investments on behalf of MIG Funds that are riskier or more speculative than would be the case in the absence of a performance-based compensation arrangement. MIG has established policies and procedures to address this particular conflict of interest. In particular these procedures require that, to the extent reasonably possible, MIG Funds with the same investment strategies share in the allocation of investment opportunities on a *pro rata* basis (subject to certain exceptions, which may include a MIG Fund having cash available), and subject to suitability considerations, as determined by MIG. MIG performs a periodic review of each MIG Fund's accounts to ensure that no MIG Fund is impermissibly favored in the allocation process.

Item 7. Types of Clients

MIG currently provides investment advice to the MIG Funds described in Item 4 above. The investors in these MIG Funds include trusts, high net worth individuals, charitable organizations, and other pooled investment vehicles. Currently, members of the Merage family (including trusts established by members of the Merage family) have, directly or indirectly, contributed all or a substantial portion of the capital in the MIG Master Fund (as defined below) and in other MIG Funds.

For the Feeder Funds, the minimum initial investment is \$2 million. The minimum additional investment amount thereafter is \$250,000. These minimum investment amounts generally can be waived at the discretion of MIG. Certain MIG Funds do not presently specify required minimum investment amounts in their Governing Documents, but generally expect to require investors to invest minimum amounts of \$1,000,000.

Investors in any of the MIG Funds that are organized in the United States, and U.S. investors in any of the MIG Funds that are organized under non-U.S. law, are generally required to be (i) “accredited investors” within the meaning of Rule 501(a) under the U.S. Securities Act of 1933, as amended (the “**1933 Act**”), in reliance upon the exemption from the registration requirements of the 1933 Act provided in Rule 506 under the 1933 Act and (ii) “qualified purchasers” within the meaning of Section 2(a)(51)(A) of the U.S. Investment Company Act of 1940, as amended.

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

The principal investment strategies which are pursued by the MIG Funds are outlined below. Material risks specific to the MIG Funds' investment strategies, including any particular type of security in which the investment strategy focuses are also outlined below.

Investments in investment strategies managed by MIG are generally subject to normal market fluctuations and other risks inherent in investing in securities. The entire market of a particular asset class or geographical sector may fall, having a more pronounced effect on an investment strategy heavily invested in that asset class or region. The descriptions of specific strategies below should not in any way be understood as limiting any MIG Fund's investment activities. Each MIG Fund may engage in investment strategies not described herein, as MIG and its affiliates consider appropriate (and consistent with each MIG Fund's Governing Documents). Each MIG Fund's investment program is speculative and entails substantial risks. There can be no assurance that any MIG Fund's investment objective will be achieved or that significant losses will not be incurred. Investments may vary substantially on a monthly, quarterly or annual basis.

Investments in any MIG Fund presents potentially significant risks and is not intended as a complete investment program. Investing in securities involves risk of loss that investors should be prepared to bear. The following material risks relate generally to the investment strategy and methods of analysis for each applicable MIG Fund. Not all of these risks will be equally relevant to each MIG Fund that we manage at any time. Additional risks relating to certain specific strategies of certain MIG Funds are described below.

Additional information regarding the methods of analysis, investment strategies and investment risks associated with investing in each MIG Fund is contained in its PPM or other Governing Documents.

MIG Master Fund and Feeder Funds

The investment objective of MIG Master Fund (and of the Feeder Funds invested therein) is to generate absolute returns by leveraging the operational expertise of MIG's investment team within consumer-facing industries to construct a long/short portfolio of mostly public equities. MIG seeks to achieve superior long-term, risk-adjusted investment returns for these MIG Funds while minimizing the risk of permanent capital loss through in-depth fundamental business analysis combined with rigorous financial analysis.

MIG believes that valuation is critical and that long-term investment success demands a portfolio that is structured to preserve capital in periods of market stress. To achieve this goal, MIG will attempt to select long investment positions which it believes have significant upside potential, limit the position size on short sales and focus on portfolio and risk management. MIG will strive to achieve MIG Master Fund's investment objective by gaining superior knowledge independently by using MIG's principals' substantial prior experience as owners/operators of a multi-billion dollar consumer company and their developed network of contacts in the consumer sector. It is

anticipated that a majority of MIG Master Fund's assets will typically be invested in securities of companies in consumer-facing industries and companies that do business with companies in those industries. However, from time to time, a portion of MIG Master Fund's assets may be invested in the securities of companies in other industries. MIG will strive to identify and monitor a database of companies where it has a proprietary business model view, including drivers of revenue and earnings, comprehensive review of balance sheet and accounting principles and quality of cash flow and return on invested capital.

An investment in MIG Master Fund (and consequently, in the Feeder Funds) involves the following risks (and for purposes of this Item 8, any references below to the MIG Funds shall include each of the MIG Master Fund and Feeder Funds, as well as those other MIG Funds referenced below in this Item 8, if applicable):

Dependence on Key Individuals. Investors have no authority to make decisions on behalf of the MIG Funds. The success of the MIG Funds is dependent upon the expertise of Richard P. Merage to develop and implement investment strategies that achieve the MIG Funds' investment objective. If the MIG Funds were to lose the services of Mr. Richard P. Merage, the consequences to the MIG Funds could be material and adverse.

Risks Associated With Investments in Securities. An investment in the MIG Funds is highly speculative and involves a high degree of risk, including the risk that the entire amount invested may be lost. MIG will be investing substantially all of the MIG Funds' assets in securities, some of which may be particularly sensitive to economic, market, industry, regulatory and other variable conditions. The markets in which the MIG Funds expect to invest have recently experienced and continue to experience significant volatility and losses. No assurance can be given as to when or whether adverse events might occur that could cause immediate and significant losses to the MIG Funds. An investment in the MIG Funds should not in itself be considered a balanced investment program, but rather is intended to provide diversification in a more complete investment portfolio. Investors should be able to withstand the loss of their entire investment in the MIG Funds.

Availability of Investment Strategies. Identification and exploitation of the investment strategies to be pursued by the MIG Funds involve a high degree of uncertainty. No assurance can be given that the MIG Funds will be able to locate suitable investment opportunities in which to deploy all of their respective assets. A reduction in market liquidity or the pricing inefficiency of the markets in which the MIG Funds seek to invest, as well as other market factors, will reduce the scope of the MIG Funds' investment strategies.

Equity Securities. The MIG Funds will invest in equity securities and equity-related security derivatives. The value of these financial instruments generally will vary with the performance of the issuer and movements in the equity markets. As a result, a MIG Fund may suffer losses from investments in equity instruments of issuers whose performance diverges from MIG's expectations or if equity markets generally move in a single direction and the MIG Fund has not hedged against such a general move.

Equity Price Risk. The MIG Funds' investment portfolios will include long and short positions in equity securities. Equity securities fluctuate in value in response to many factors, including, among others, the activities and financial condition of individual companies, geographic markets, industry market conditions, interest rates and general economic environments. In addition, events such as the domestic and international political environments, terrorism and natural disasters, may be unforeseeable and contribute to market volatility in ways that may adversely affect investments made by the MIG Funds.

Short Selling. One or more MIG Funds may engage in short selling of securities. Short selling involves selling securities which may or may not be owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the MIG Funds of buying those securities to cover the short position. There can be no assurance that the securities necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating any loss. Short sale transactions have been subject to increased regulatory scrutiny in response to recent market events, including the imposition of restrictions on short selling certain securities and reporting requirements. A MIG Fund's ability to execute a short selling strategy may be materially adversely impacted by temporary and/or new permanent rules, interpretations, prohibitions, and restrictions adopted in response to these adverse market events. Temporary restrictions and/or prohibitions on short selling activity may be imposed by regulatory authorities with little or no advance notice and may impact prior trading activities of the MIG Fund. Additionally, the SEC, its foreign counterparts, other governmental authorities and/or self-regulatory organizations may at any time promulgate permanent rules or interpretations consistent with such temporary restrictions or that impose additional or different permanent or temporary limitations or prohibitions. The SEC might impose different limitations and/or prohibitions on short selling from those imposed by various non-U.S. regulatory authorities. These different regulations, rules or interpretations might have different effective periods.

Regulatory authorities may impose restrictions that adversely affect a MIG Fund's ability to borrow certain securities in connection with short sale transactions. In addition, traditional lenders of securities might be less likely to lend securities under certain market conditions. As a result, a MIG Fund may not be able to effectively pursue a short selling strategy due to a limited supply of securities available for borrowing. A MIG Fund may also incur additional costs in connection with short sale transactions, including in the event that it is required to enter into a borrowing arrangement in advance of any short sales. Moreover, the ability to continue to borrow a security is not guaranteed and a MIG Fund is subject to strict delivery requirements. The inability of a MIG Fund to deliver securities within the required time frame may subject the MIG Fund to mandatory close

out by the executing broker-dealer. A mandatory close out may subject the MIG Fund to unintended costs and losses. Certain action or inaction by third-parties, such as executing broker-dealers or clearing broker-dealers, may materially impact the MIG Fund's ability to effect short sale transactions. Such action or inaction may include a failure to deliver securities in a timely manner in connection with a short sale effected by a third-party unrelated to the MIG Fund.

Preferred Securities. The MIG Funds may invest in preferred stock of U.S. and non-U.S. companies. Preferred stock, unlike common stock, offers a stated dividend rate payable from a corporation's earnings. These dividends may be cumulative or non-cumulative, participating or auction rate. If interest rates rise, the fixed dividend on preferred stocks may be less attractive, causing the prices of preferred stocks to decline. Preferred stock may have mandatory sinking fund provisions and call/redemption provisions prior to maturity, a negative feature when interest rates decline. Dividends on some preferred stock may be "cumulative", requiring all or a portion of prior unpaid dividends to be paid before dividends are paid on the issuer's common stock.

Preferred stock also generally has a preference over common stock on the distribution of a corporation's assets upon liquidation of the corporation, and may be "participating", which means that it may be entitled to a dividend exceeding the stated dividend in certain cases.

Preferred securities may include provisions that permit the issuer, at its discretion, to defer distributions for a stated period without any adverse consequences to the issuer. If a MIG Fund owns a preferred security that is deferring its distributions, the MIG Fund may be required to report income for tax purposes although it has not yet received such income.

Preferred securities are generally subordinate to the rights associated with an issuer's debt securities in terms of priority to corporate income and liquidation payments, and therefore are subject to greater credit risk than more senior debt instruments. Preferred securities may be substantially less liquid than many other securities.

Debt Securities. From time to time, one or more MIG Funds may invest in bonds or other fixed income securities of U.S. and non-U.S. issuers, including, without limitation, commercial paper and "higher yielding" (and, therefore, higher risk) debt securities. The issuers of such instruments (including sovereign issuers) may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal. Such instruments may be regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions. It is likely that a major economic recession could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, it is likely that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

Derivatives. One or more MIG Funds may utilize both exchange-traded and over-the-counter derivatives, including, but not limited to, futures, forwards, swaps, options and contracts for differences, as part of its investment strategies and for hedging purposes. Regulatory restraints may restrict the instruments that a MIG Fund may trade. Derivative instruments are highly volatile, involve certain special risks and expose investors to a number of risks, including risk of loss, market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further losses exceeding any margin deposited. In addition, daily limits on price fluctuations and speculative position limits on exchanges may prevent prompt liquidation of positions resulting in potentially greater losses. Further, when used for hedging purposes there may be an imperfect correlation between these instruments and the investments or market sectors being hedged.

Transactions in over-the-counter contracts may involve additional risk as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk. Contractual asymmetries and inefficiencies can also increase risk, such as break clauses, whereby a counterparty can terminate a transaction on the basis of a certain reduction in net asset value of a MIG Fund, incorrect collateral calls or delays in collateral recovery. The MIG Funds may also sell covered and uncovered options on securities. Furthermore, special risks may apply to instruments that are invested in by a MIG Fund in the future that cannot be determined at this time or until such instruments are developed or invested in by the MIG Funds To the extent that such options are uncovered, the MIG Fund could incur an unlimited loss.

Use of Options. One or more MIG Funds may buy or sell (write) both call options and put options (either exchange-traded, over-the-counter or issued in private transactions). A MIG Fund's options transactions may be part of a hedging tactic (*i.e.*, offsetting the risk involved in another securities position) or a form of leverage, in which the MIG Fund has the right to benefit from price movements in a large number of securities with a small commitment of capital. These activities involve risks that can be large, depending on the circumstances. In general, the principal risks involved in options trading can be described as follows, without taking into account other positions or transactions the a MIG Fund may enter into.

When a MIG Fund buys an option, a decrease (or inadequate increase) in the price of the underlying security in the case of a call, or an increase (or inadequate decrease) in the security in the case of a put, could result in a total loss of the MIG Fund's investment in the option (including commissions). The MIG Fund could mitigate those losses by selling short the securities as to which it holds call options or taking a long position (*i.e.*, by buying the securities or buying options on them) on securities underlying put options.

When a MIG Fund sells (writes) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the risk of an increase in the market price of the underlying security above the exercise price. The risk is theoretically unlimited unless the option is “covered.” If it is covered, an increase in the market price of the security above the exercise price would cause the MIG Fund to lose the opportunity for gain on the underlying security--assuming it bought the security for less than the exercise price. If the price of the underlying security were to drop below the exercise price, the premium received on the option (after transaction costs) would provide profit that would reduce or offset any loss the MIG Fund might suffer as a result of owning the security.

The seller of an uncovered put option theoretically could lose an amount equal to the entire aggregate exercise price of the option, if the underlying security were to become valueless. If the option were covered with a short position in the underlying security, this risk would be limited, but a drop in the security’s price below the exercise price would cause a MIG Fund to lose some or all of the opportunity for profit on the “covering” short position--assuming the MIG Fund is short for more than the exercise price. If the price of the underlying security were to increase above the exercise price, the premium on the option (after transaction costs) would provide profit that would reduce or offset any loss the MIG Fund might suffer in closing out its short position.

Some or all of the MIG Funds may invest in exchange-traded funds (“**ETFs**”), which are a type of index fund bought and sold on a securities exchange. An ETF trades like common stock and represents a fixed portfolio of securities designed to track a particular market index. A MIG Fund could purchase an ETF to temporarily gain exposure to a portion of the U.S. or a foreign market while awaiting purchase of underlying securities. The risks of owning an ETF generally reflect the risks of owning the underlying securities they are designed to track, although lack of liquidity in an ETF could result in it being more volatile and ETFs have management fees that increase their costs. ETFs are also subject to other risks, including: (a) the risk that their prices may not correlate perfectly with changes in the underlying index; and (b) the risk of possible trading halts due to market conditions or other reasons that, in the view of the exchange upon which an ETF trades, would make trading in the ETF inadvisable. An exchange-traded sector fund may also be adversely affected by the performance of that specific sector or group of industries on which it is based.

Futures Contracts. The value of futures depends upon the price of the financial instruments, such as commodities, underlying them. The prices of futures are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, investments in futures are also subject to the risk of the failure of any of the exchanges on which a MIG Fund’s positions trade or of its clearing houses or counterparties.

Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent a MIG Fund from promptly liquidating unfavorable positions and subject the MIG Fund to substantial losses or prevent it from entering into desired trades. In extraordinary circumstances, a futures exchange or the CFTC could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

Illiquid Securities. From time to time, the MIG Funds may invest in structured products, derivatives and other types of unregistered securities, which are generally not publicly traded. A MIG Fund may not be able to readily dispose of such non-publicly-traded financial instruments and, in some cases, may be contractually prohibited from disposing of such financial instruments for a specified period of time. Accordingly, a MIG Fund may be forced to sell its more liquid positions at a disadvantageous time, resulting in a greater percentage of the portfolio consisting of illiquid securities. In addition, the market prices, if any, for such illiquid financial instruments tend to be volatile, and the MIG Fund may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of illiquid securities also often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets.

Furthermore, there may be limited information available about the assets of such issuers of the financial instruments which may make valuation of such financial instruments difficult or uncertain. It also should be noted that, even those markets which MIG expects to be liquid can experience periods, possibly extended periods, of illiquidity.

Designated Investments. Except as set forth below, although it is not currently anticipated that the MIG Funds will purchase assets that are illiquid, restricted or difficult to value, in certain circumstances, general economic or market conditions may adversely affect the liquidity of, or ability to value, certain investments held by one or more of the MIG Funds. In such event, the general partner of the applicable MIG Fund may, if permitted in a MIG Fund’s Governing Documents, designate such securities as “Designated Investments”, and all investors in such MIG Fund at the date of such designation will participate on a pro rata basis in such Designated Investments. Such Designated Investments may have to be held for a substantial period of time before they can be liquidated, if at all. Market prices for such Designated Investments are often volatile and may not be ascertainable. The resale of restricted and illiquid securities often may have higher brokerage charges. Designated Investments may represent capital not available for withdrawal by investors in the applicable MIG Fund. Such investments may be difficult to value.

Commodity-Related Instruments. The production and marketing of commodities may be affected by actions and changes in governments. In addition, commodity-related instruments may be cyclical in nature. During periods of economic or financial instability, commodity-related instruments may be subject to broad price fluctuations, reflecting volatility of energy and basic material prices and possible instability of supply of various commodities.

Commodity-related instruments may also experience greater price fluctuations than the relevant commodity. In periods of rising commodity prices, such instruments may rise at a faster rate; and conversely, in times of falling commodity prices, such instruments may suffer a greater price decline.

Loans of Portfolio Securities. Some of the MIG Funds may lend their portfolio securities on terms customary in the securities industry, enter into reverse repurchase agreements or enter into other transactions constituting a loan of a MIG Fund's assets. By doing so, the MIG Fund will attempt to increase its income through the receipt of interest on the loan. In the event of the bankruptcy of the other party to a securities loan, the MIG Fund could experience delays in recovering the securities lent. To the extent that the value of the securities lent has increased, the MIG Fund could experience a loss if such securities are not recovered.

Non-U.S. Investments and Emerging Markets. Investing in the securities of companies located outside the U.S. (including, western countries, "emerging market" countries and underdeveloped countries) involves certain considerations not usually associated with investing in securities of U.S. companies, including political and economic considerations, such as greater risks of expropriation and nationalization, confiscatory taxation, the potential difficulty of repatriating funds, general social, political and economic instability and adverse diplomatic developments; the possibility of imposition of withholding or other taxes on dividends, interest, capital gain or other income; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict a MIG Fund's investment opportunities.

In addition, accounting and financial reporting standards that prevail in non-U.S. countries generally are not equivalent to U.S. standards and, consequently, less information is available to shareholders of companies located in such countries than is available to shareholders of companies located in the U.S. Moreover, an issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of investments in the securities markets of different countries, and their associate risks, are not expected to be highly correlated with each other and may behave in unpredictable ways. There is also less regulation, generally, of the securities markets in non-U.S. countries.

A MIG Fund may be subject to additional risks which include possible adverse political and economic developments, possible seizure or nationalization of non-U.S. deposits and

possible adoption of governmental restrictions which might adversely affect the payment of principal and interest to investors located outside the country of the issuer, whether from currency blockage or otherwise. Furthermore, some of the securities may be subject to brokerage, stamp or other taxes levied by governments, which has the effect of increasing the cost of such investment and reducing the realized gain or increasing the realized loss on such securities at the time of sale. Furthermore, a non-U.S. issuer of debt or the non-U.S. governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or interest when due, and a MIG Fund may have limited recourse in the event of a default. Some of these risks do not apply equally to issuers in larger, more developed countries. These risks are more pronounced in investments in issuers in countries with emerging markets or if a MIG Fund invests significantly in a particular country.

Investment in emerging market securities and underdeveloped markets involves a greater degree of risk than an investment in securities of issuers based in developed countries. Among other things, emerging market securities investments may carry the risks of less publicly available information, more volatile markets, less strict securities market regulation, less favorable tax provisions and a greater likelihood of severe inflation, unstable currency, war and expropriation of personal property than investments in securities of issuers based in developed countries. In addition, a MIG Fund's investment opportunities in certain emerging markets may be restricted by legal limits on foreign investment in local securities.

Emerging markets generally are not as efficient as those in developed countries. In some cases, a market for the security may not exist locally, and transactions will need to be made on a neighboring exchange. Volume and liquidity levels in emerging markets are lower than in developed countries. When seeking to sell emerging market securities, little or no market may exist for the securities. In addition, issuers based in emerging markets are not generally subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to issuers based in developed countries, thereby potentially increasing the risk of fraud or other deceptive practices. Furthermore, the quality and reliability of official data published by the government or securities exchanges in emerging markets may not accurately reflect the actual circumstances being reported.

The issuers of some non-U.S. securities, such as banks and other financial institutions, may be subject to less stringent regulations in emerging markets than would be the case for issuers in developed countries and therefore potentially carry greater risk. Custodial expenses for a portfolio of emerging markets securities generally are higher than for a portfolio of securities of issuers based in developed countries. While MIG will take these factors into consideration in making investment decisions for the MIG Fund, no assurance can be given that they will be able to fully avoid these risks.

Undervalued and Distressed Securities. Some of the MIG Funds may invest in securities that MIG believes are undervalued. Such undervalued securities may include investments in distressed situations, including the purchase of securities of issuers in bankruptcy, at risk of filing for bankruptcy or otherwise being insolvent. The identification of

investment opportunities in undervalued securities is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunities for above average returns, these investments involve a high degree of risk and can result in substantial losses. In addition, a MIG Fund may be required to hold such securities for a substantial period of time before realizing their anticipated value. During this holding period, a portion of a MIG Fund's capital would be committed to the securities purchased, thus possibly preventing the MIG Fund from investing in other more lucrative opportunities.

In addition, a MIG Fund may finance such purchases with borrowed funds and thus will have to pay interest on such funds during the holding period. Returns generated from such investments may not adequately compensate a MIG Fund for the risks involved.

Brokerage Commissions/Transaction Costs. The MIG Funds' activities may involve a high level of trading, and the turnover of such portfolio may generate substantial transaction costs. These costs will be borne by the MIG Funds, irrespective of profitability.

Small and Medium Capitalization Companies. While MIG believes securities in companies with small and medium capitalizations often provide significant potential for appreciation, the securities of certain companies, particularly smaller-capitalization companies, involve higher risks in some respects than do investments in securities of larger companies. For example, prices of small-capitalization and even medium-capitalization securities are often more volatile than prices of large-capitalization securities and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, "blue-chip" companies. In addition, due to thin trading in the securities of some small-capitalization companies, an investment in those companies may be or become illiquid.

Purchasing Securities of Initial Public Offering. From time to time some of the MIG Funds may purchase securities that are part of initial public offerings. The prices of these securities may be very volatile. The issuers of these securities may be undercapitalized, have a limited operating history, and lack revenues or operating income without any prospects of achieving them in the near future. Some of these issuers may only make available a limited number of shares for trading and therefore it may be difficult for a MIG Fund to trade these securities without unfavorably impacting their prices. In addition, investors may lack extensive knowledge of the issuers of these securities. Rule 5130 and Rule 5131 restricts certain persons from participating in the profits and losses attributable to new issues.

Unforeseen Events. The MIG Funds may be adversely affected by unforeseen events involving such matters as changes in interest rates or the credit status of an issuer, forced withdrawals of securities or acquisition proposals, break-up of planned mergers, unexpected changes in relative value, short squeezes, inability to short stock or changes in tax treatment.

Leverage. Although the MIG Funds are not expected to use significant leverage, MIG may from time to time seek to leverage a MIG Fund's portfolio through margin and other debt in order to increase the amount of capital available for investments (as well as any deemed leverage from shorting positions and the use of derivatives). Although leverage increases returns if a MIG Fund earns a greater return on the incremental investments purchased with borrowed funds than it pays for such funds, the use of leverage decreases returns to the MIG Fund if it fails to earn as much on such incremental investments as it pays for such funds. Therefore, the use of leverage will magnify the volatility of changes in the value of the investments of a MIG Fund. Accordingly, any event which adversely affects the value of an investment would be magnified to the extent the investment is leveraged. The cumulative effect of the use of leverage by a MIG Fund in a market that moves adversely to its investments could result in substantial losses to the MIG Fund, which would be greater than if the MIG Fund were not leveraged. Given that the MIG Funds do not expect to use significant leverage, performance could be adversely effected thereby.

The use of short term margin borrowing results in certain additional risks to the MIG Funds. For example, should the securities pledged to brokers to secure a MIG Fund's margin accounts decline in value, the MIG Fund could be subject to a "margin call", pursuant to which the MIG Fund must either deposit additional funds or securities with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of the MIG Fund's assets, the MIG Fund might not be able to liquidate assets quickly enough to satisfy such margin requirements.

Concentration of Investments. Although under normal market conditions MIG expects to diversify investments of the MIG Funds among a number of issuers, MIG may invest one or more of the MIG Funds' assets in a limited number of issuers. In addition, it is anticipated that a majority of one or more of the MIG Funds' assets will typically be invested in securities of companies in consumer-facing industries and companies that do business with companies in those industries. Therefore, a MIG Fund's assets may be concentrated in a limited number of issuers and/or industries. Such concentration may expose the MIG Fund to losses disproportionate to those incurred by the market in general if the areas in which the MIG Fund's investments are concentrated are disproportionately adversely affected by price movements, and the aggregate return on the MIG Fund's investments may be substantially adversely affected by the unfavorable performance of even a single portfolio investment. Accordingly, a MIG Fund should not be viewed as a complete investment program and the MIG Fund may not be adequately diversified in all market conditions.

Systemic Risk. Credit risk may also arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which some of the MIG Funds will interact on a daily basis.

Counterparty and Custodial Risk. To the extent that a MIG Fund invests in swaps, “synthetic” or derivatives instruments, reverse repurchase agreements, certain types of option or other customized financial instruments, the MIG Fund takes the risk of nonperformance by the other party to the contract. This risk may include credit risk of the counterparty and the risk of settlement default. This risk may differ materially from those entailed in exchange-traded transactions which generally are supported by guarantees of clearing organizations, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. A MIG Fund’s use of derivatives and other techniques (such as short sales) involves certain additional risks, including: (i) dependence on the ability to predict movements in the price of the derivative instrument and (ii) imperfect correlations between movements in the assets on which the derivative is based and movements in the reference asset.

In addition, there are risks involved in dealing with the custodians or brokers who settle the MIG Fund trades. Securities and other assets deposited with custodians or brokers may not be identified as being assets of a MIG Fund and hence the MIG Fund may be exposed to a credit risk with respect to such parties. There is a risk that any of such parties could become insolvent. Although MIG regularly monitors the financial condition of the counterparties it uses, if one or more of a MIG Fund’s counterparties were to become insolvent or the subject of liquidation proceedings in the U.S. (either under the Securities Investor Protection Act or the Bankruptcy Code), there exists the risk that the recovery of the MIG Fund’s securities and other assets from such prime broker or broker-dealer will be delayed or be of a value less than the value of the securities or assets originally entrusted to such prime broker or broker-dealer.

Furthermore, in the event that any of a MIG Fund’s prime brokers rehypothecate the MIG Fund’s securities held with such prime broker, the MIG Fund might be a general unsecured creditor with respect to any claims related to such securities if such prime broker was the subject of any liquidation or bankruptcy related proceeding. In addition, a MIG Fund may use counterparties located in various jurisdictions outside the U.S. Such local counterparties are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency.

However, the practical effect of these laws and their application to a MIG Fund’s assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of their insolvency on the MIG Fund and its assets.

Investors should assume that the insolvency of any counterparty would result in a loss to the MIG Funds, which could be material. The MIG Funds reserve the right, in their sole discretion, to change counterparties (including, without limitation, brokers and/or custodians) without notice to investors. The MIG Funds are not subject to any formal

requirements regarding the credit ratings of such counterparties and, as recent developments have shown, such credit ratings may not be accurate measures of a counterparty's creditworthiness.

Market Liquidity and Leverage. The MIG Funds may be adversely affected by a decrease in market liquidity for the instruments in which it invests which may impair the MIG Funds' ability to adjust its positions. The size of a MIG Fund's positions may magnify the effect of a decrease in market liquidity for such instruments. Changes in overall market leverage, deleveraging as a consequence of a decision by the prime brokers and custodians, or other counterparties with which a MIG Fund enters into repurchase/reverse repurchase agreements or derivative transactions, to reduce the level of leverage available, or the liquidation by other market participants of the same or similar positions, may also adversely affect the MIG Funds.

Hedging Transactions. A MIG Fund may (but is not required to) utilize financial instruments both for investment purposes and for risk management purposes in order to (i) protect against possible changes in the market value of its investment portfolios resulting from fluctuations in the markets and changes in interest rates; (ii) protect the MIG Fund's unrealized gains in the value of such investment portfolios; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any of its investments in such portfolios; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any of the MIG Fund's liabilities or assets; (vii) protect against any increase in the price of any financial instruments the MIG Fund anticipates purchasing at a later date; or (viii) act for any other reason that MIG deems appropriate. The MIG Fund will not be required to hedge any particular risk in connection with a particular transaction or its portfolios generally.

When MIG decides to hedge one or more positions, the success of such hedging strategy will be subject to MIG's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics of many securities change as markets change or time passes, the success of such hedging strategy will also be subject to MIG's ability to continually recalculate, readjust, and execute hedges in an efficient and timely manner. While a MIG Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the MIG Fund than if the MIG Fund had not engaged in any such hedging transactions. For a variety of reasons, MIG may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the MIG Fund from achieving the intended hedge or expose the MIG Fund to risk of loss. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the MIG Fund's portfolio holdings. Moreover, it should be noted that a MIG Fund's portfolio will always be exposed to certain risks that cannot be hedged.

Currency Exposure. Interests in the MIG Funds will be issued and generally withdrawal proceeds will be paid in U.S. dollars. The assets of a MIG Fund may, however, be

invested in securities and other investments which are denominated in currencies other than U.S. dollars. Accordingly, the value of such assets may be affected favorably or unfavorably by fluctuations in currency rates. MIG may hedge the non-U.S. currency exposure of a MIG Fund by entering into currency hedging transactions, such as treasury locks, forward contracts, futures contracts, cross-currency swaps or by shorting non-U.S. debt. However, the assets of a MIG Fund will necessarily be subject to foreign exchange risks. In addition, prospective investors whose assets and liabilities are predominately in other currencies should take into account the potential risk of loss arising from fluctuations in value between the U.S. dollar and other currencies.

To the extent unhedged, the value of a MIG Fund's positions in non-U.S. investments will fluctuate with U.S. dollar exchange rates as well as with the price changes of the investments in the various local markets and currencies. In such cases, an increase in the value of the U.S. dollar compared to the other currencies in which the MIG Fund makes investments will reduce the effect of any increases and magnify the effect of any decreases in the prices of the MIG Fund's financial instruments in their local markets and may result in a loss to the MIG Fund. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on the MIG Fund's non-U.S. dollar investments.

Soft Dollars. The use of brokerage commissions to obtain research services creates a conflict of interest between MIG and the MIG Funds. This may result in a MIG Fund paying higher brokerage commissions than might be paid if transactions were effected through brokers that do not provide such services. To the extent that MIG is able to acquire these products and services without expending its own resources or at reduced prices, MIG's use of "soft-dollars" would tend to increase its profitability. In addition, the availability of these non-monetary benefits may influence MIG to select one broker rather than another to perform services for a MIG Fund.

MIG Funds of Funds

MIG Diversified and MIG Sector Select (collectively, the "**Funds of Funds**") each seek to generate absolute returns by investing primarily in underlying portfolio funds ("**Portfolio Funds**") managed by third-party portfolio managers ("**Portfolio Managers**") who employ a variety of alternative investment strategies. The investment objective of MIG Diversified is to seek to deliver absolute returns with moderate beta and volatility to traditional asset classes such as equity and credit. MIG Diversified is globally-inclusive and multi-strategy focused, and seeks to allocate capital to underlying funds managed by portfolio managers that demonstrate an ability to achieve repeatable top quartile performance, as compared to broader hedge fund performance indexes. MIG Sector Select seeks to obtain absolute returns by investing in equity long short funds managed by sector specialists. The overall portfolio will invest utilizing a positive net beta exposure. The investment objective of MIG Sector Select is to allocate to underlying funds managed by portfolio managers that demonstrate an ability to achieve repeatable top quartile performance, as compared to their respective peer groups (as determined by MIG).

The Funds of Funds each seek to accomplish their investment objectives through MIG's in-depth fundamental investment analysis combined with in-depth operational due diligence across a diverse universe of strategies, sectors, geographies, and Portfolio Managers. MIG, however, may concentrate activities in a particular industry or market sector and, at times, may invest a significant portion of the Funds of Funds' assets in a single security, industry, or market sector.

MIG searches for investments from a broad range of opportunities, including undervalued assets, fixed income relative value trading, volatility-driven strategies, distressed securities, liquidations, opportunities associated with significant corporate events (actual or anticipated) such as debt restructurings or material changes in a company's business environment, capital structure arbitrage, mortgage and other asset-backed security trading, corporate bond arbitrage, currency and commodity trading, and event-driven equity and debt investments. MIG expects to be active in emerging economies as well as developed markets, and intends, through the Funds of Funds' investments in underlying Portfolio Funds and their direct investments, to invest across a range of financial instruments, including but not limited to equities, debt instruments, currencies, futures, options and derivative securities.

In determining the allocation of investment resources, MIG seeks to opportunistically allocate capital among the Funds of Funds' respective underlying investments in Portfolio Funds. Capital allocation is anticipated to be opportunistic in that MIG seeks to reduce allocations to strategies as they become less capable of beating their peer group due to numerous factors and will seek out new strategies or underlying Portfolio Managers that may have greater opportunities for capital appreciation. Because market inefficiencies do not necessarily persist for long periods of time, MIG does not have rigid guidelines for diversification. Rather, MIG continually assesses optimal strategy and fund allocations.

MIG incorporates ongoing investment due diligence and operational due diligence into its investment process. MIG performs operational due diligence and monitors portfolios on an periodic basis in order to understand and evaluate the underlying Portfolio Managers' policies and funds and the inherent risks involved with their core businesses. This analysis occurs before initial investment and periodically throughout the investment's existence in the portfolio.

The process incorporates both qualitative and quantitative analysis of relevant data points. MIG engages an active research program which sources managers from personal industry contacts, prime brokers, and referrals from other industry participants, databases, industry conferences and solicitation from third party marketing firms. MIG also uses reference checks to seek to validate and source underlying Portfolio Managers.

An investment in MIG Diversified or MIG Sector Select involves the following risks (generally related to the investments made by one or more of the underlying Portfolio Funds in which MIG Diversified or MIG Sector Select is invested) that are set forth above with respect to the MIG Master Fund and Feeder Funds: Risks Associated with Investments in Securities, Availability of Investment Strategies, Equity Securities, Equity

Price Risk, Short Selling, Preferred Securities, Debt Securities, Derivatives, Use of Options, Futures Contracts, Illiquid Securities, Commodity-Related Instruments, Loans of Portfolio Securities, Non-U.S. Investments and Emerging Markets, Undervalued and Distressed Securities, Brokerage Commissions/Transaction Costs, Small and Medium Capitalization Companies, Purchasing Securities of Initial Public Offering, Unforeseen Events, Leverage, Concentration of Investments, Systemic Risk, Counterparty and Custodial Risk, Market Liquidity and Leverage, Hedging Transactions and Currency Exposure.

In addition, the following risks are involved in an investment in MIG Diversified Fund, L.P. or MIG Sector Select Fund, L.P.:

Risks of the Multi-Manager Strategy and Technique. The success of MIG Diversified Fund, L.P. and/or MIG Sector Select Fund, L.P. depends on the ability of MIG to select and allocate among individual Portfolio Funds and upon each Portfolio Fund's ability to select individual securities, correctly interpret market data, predict future market movements and otherwise implement its investment strategy. No assurance can be given that the investment strategies to be used by a Portfolio Fund will be successful under all or any market conditions. MIG will not have any control over the investments made by the Portfolio Managers for any Portfolio Funds. MIG may, however, reallocate a MIG Fund's investments among the Portfolio Funds, but MIG's ability to do so may be constrained by the withdrawal limitations imposed by the Portfolio Funds. These withdrawal limitations will prevent MIG Diversified Fund, L.P. or MIG Sector Select Fund, L.P., as the case may be, from reacting rapidly to market changes should a Portfolio Manager fail to effect portfolio changes consistent with such market changes and the expectations of MIG. Such withdrawal limitations will also restrict MIG's ability to terminate investments in Portfolio Funds that are poorly performing or have otherwise had adverse changes. In addition, at times when Portfolio Funds offer limited availability to investors, MIG may allocate such limited availability among and between multiple entities and series managed by it or an affiliate, resulting in MIG Diversified Fund, L.P. or MIG Sector Select Fund, L.P., as the case may be, portfolio that differs from the portfolio that might result if MIG only managed MIG Diversified Fund, L.P. and/or MIG Sector Select Fund, L.P. Not all of the entities managed by MIG will invest, whether on a pro rata basis or otherwise, in all of the Portfolio Funds invested in by MIG Diversified Fund, L.P. or MIG Sector Select Fund, L.P., as the case may be.

The multi-manager approach may also limit MIG's access to information about MIG Diversified Fund, L.P.'s and/or MIG Sector Select Fund, L.P.'s investments on a regular basis. Investors in the various Portfolio Funds typically have no right to demand such information of the Portfolio Managers. Nevertheless, MIG will use commercially reasonable efforts to periodically gather quantitative and qualitative information from the Portfolio Managers. There is no guarantee that the information will be accurate or timely. Moreover, the information may be proprietary and may not be provided. Although MIG employs a due diligence process to review each Portfolio Manager's back office and accounting systems, there is no assurance that such efforts will detect fraud, malfeasance, inadequate back office systems or other flaws or problems with respect to the Portfolio Manager's operations and activities.

Risks of Portfolio Manager Strategies and Execution. A Portfolio Manager may use proprietary investment strategies that are based on considerations and factors that are not fully disclosed to MIG. These strategies may involve risks under some market conditions that are not anticipated by the Portfolio Manager, MIG, MIG Diversified Fund, L.P. or MIG Sector Select Fund, L.P. The Portfolio Managers may use investment strategies that differ from those typically employed by traditional managers of portfolios of stocks and bonds, or may diverge from the strategy disclosed to MIG. The strategies employed by the Portfolio Managers may involve significantly more risk and higher transaction costs than more traditional investment methods. In addition, Portfolio Managers may not execute their strategy efficiently or consistent with past practices or its disclosure, leading to underperformance or losses to MIG Diversified Fund, L.P. or MIG Sector Select Fund, L.P., as the case may be. MIG Diversified Fund, L.P. or MIG Sector Select Fund, L.P., as the case may be, will seek to reduce these risks by spreading the exposures of the applicable fund among a variety of different Portfolio Managers. However, it is possible that the performance of the Portfolio Managers may be closely correlated in some market conditions, resulting (if those returns are negative) in significant losses to MIG Diversified Fund, L.P. or MIG Sector Select Fund, L.P., as the case may be, and its investors. Many of the Portfolio Managers are dependent on the services of a small number of persons and the loss of any such person's services could have a materially adverse effect on MIG Diversified Fund, L.P.'s or MIG Sector Select Fund, L.P.'s investment with such Portfolio Manager. Furthermore, many of the Portfolio Managers will typically manage a relatively small asset base when compared to traditional money managers of mutual funds and many private funds, who often manage billions of dollars. Accordingly, many of the Portfolio Managers may have limited resources in connection with the operation of their businesses and the investment management of their portfolios.

Portfolio Funds' Use of Leverage. Many Portfolio Managers are permitted to, and may be expected to, use leverage as part of their Portfolio Funds' investment strategies, and MIG will have no control over the amount of leverage used. Futures trading typically includes significant inherent leverage which can amplify the performance of the Portfolio Funds either in a positive or negative manner. Portfolio Funds may also use options and other derivatives that contain inherent leverage. Trading securities on margin will result in interest charges to a Portfolio Fund and, in turn, to the Funds of Funds invested therein. A high degree of leverage necessarily entails a high degree of risk. By using leverage, a Portfolio Fund is able to purchase a larger portfolio using a smaller amount of capital. Thus, a relatively small price movement in an investment may result in substantial losses to the Portfolio Fund and, in turn, to the Funds of Funds invested therein. Leverage may amplify the effect of gain or loss on the investment, and may result in greater volatility than experienced by investment pools that do not use leverage. Many of the Portfolio Funds will not impose absolute restrictions on the amount of leverage they may use. Reduced liquidity in the markets may result in the Portfolio Funds having more difficulty in obtaining financing. The loss of access to leverage or a substantial change in the terms on which leverage is obtained could have a material adverse impact on the performance of a Portfolio Fund. In order to obtain leverage, the

Portfolio Funds will generally pledge some or all of their securities to leverage providers.

Portfolio Funds often use short-term margin borrowing in purchasing securities positions. Trading securities on margin will result in interest charges to the Portfolio Fund and, in turn, to the Funds of Funds invested therein. Such borrowing may result in certain additional risks to the Portfolio Funds. For example, should the securities pledged to brokers to secure a Portfolio Fund's margin accounts decline in value, the Portfolio Fund could be subject to a "margin call," pursuant to which the Portfolio Fund would be required to either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden, precipitous drop in value of a Portfolio Fund's assets, the Portfolio Fund might not be able to liquidate assets quickly enough to pay off its margin debt.

Risk Arbitrage Transactions. Portfolio Managers may seek to purchase securities for MIG Diversified Fund, L.P. or MIG Sector Select Fund, L.P., as the case may be, at prices below their anticipated value following the occurrence of a predicted event, including proposed mergers, tender offers or similar transactions. The purchase price of such securities may be in excess of the market price of the securities immediately prior to the announcement of the proposed transaction. If the proposed transaction is not consummated or is delayed, the market price of the security may decline and result in losses to MIG Diversified Fund, L.P. or MIG Sector Select Fund, L.P., as the case may be. In certain transactions, MIG Diversified Fund, L.P. or MIG Sector Select Fund, L.P., as the case may be, may not be hedged against market fluctuations unrelated to the anticipated transaction but which may affect the value of the consideration to be received. This may result in losses, even if the proposed transaction is consummated.

Event Driven Transactions. MIG Diversified Fund, L.P. or MIG Sector Select Fund, L.P., as the case may be, may trade securities whose market value is expected to be meaningfully affected by future events. These outcomes may be uncertain and the trading decisions may be based on whether the MIG believes the market price does not accurately reflect the probability of particular outcomes. MIG will need to forecast the likelihood of the events on which trading decisions are based and analyze the likely impact of the event if it occurs. Such events may include a change in the issuer's corporate or capital structure (such as a merger, spin-off or recapitalization), a debt repayment obligation, a management transition or a bankruptcy or financial restrictions. If the proposed event does not occur or is delayed, the market price of the security may decline and result in losses to MIG Diversified Fund, L.P. or MIG Sector Select Fund, L.P., as the case may be, if at the time MIG Diversified Fund, L.P. or MIG Sector Select Fund, L.P., as the case may be, is net long the security. In certain transactions, MIG Diversified Fund, L.P. or MIG Sector Select Fund, L.P. may not be hedged against market fluctuations unrelated to the anticipated event but that may affect the value of the consideration to be received. This may result in losses even if the event occurred and the outcome of the anticipated event was beneficial to the position. It is also possible that the short run market reaction to a particular outcome may be unfavorable even if the long-run result is favorable.

The following risk applies solely to an investment in MIG Diversified Fund, L.P.

Asset Backed-/Mortgage Backed Securities. The investment characteristics of asset-backed securities and mortgage-backed securities differ from traditional fixed-income securities. Among the major differences are that interest and principal payments are made more frequently (usually monthly), and that principal may be prepaid at any time because the underlying mortgage loans or other assets generally may be prepaid at any time. The frequency of prepayments of principal will be effected by a variety of economic factors, including the prevailing level of interest rates. Prepayment of principal at rates either slower or faster than anticipated may result in losses to MIG Diversified Fund, L.P.. Credit risk may be significant in asset-backed securities and mortgage-backed securities because of the credit risk inherent in the underlying collateral and, in some cases, due to the issuers of the securities being private, non-governmental entities. Mortgage-backed securities may include collateralized mortgage obligations (“**CMOs**”) and other mortgage derivatives, such as “stripped” interest only (“**IO**”) and principal only (“**PO**”) securities. To the extent that MIG Diversified Fund, L.P. make investment(s) in these securities, the prepayment risks, interest rate risks and hedging risks associated with these securities may be significantly magnified.

MIG Quantitative Funds

MIG US Large Cap is a long-only fund that uses a disciplined quantitative investment process based on both proprietary and public academic research to select large capitalization stocks in the US. The strategy seeks to generate excess returns relative to US Large Cap benchmarks while maintaining risk characteristics similar to the benchmark.

MIG US Small Cap is a long-only fund that uses a disciplined quantitative investment process based on both proprietary and public academic research to select small capitalization stocks in the US. The strategy seeks to generate excess returns relative to US Small Cap benchmarks while maintaining risk characteristics similar to the benchmark.

MIG Global (collectively with MIG US Large Cap and MIG US Small Cap, the “**MIG Quantitative Funds**”) is a long-only fund that uses a disciplined quantitative investment process based on both proprietary and public academic research to select stocks in developed and emerging markets excluding the US. The strategy seeks to generate excess returns relative to global equity benchmarks while maintaining risk characteristics similar to the benchmark.

MIG manages the investment portfolios of the MIG Quantitative Funds by using quantitative investment models to manage and construct such portfolios. A proprietary quantitative model based on a number of factors including, but not limited to, valuation, momentum, and quality is used to construct expected return forecasts of stocks in the universe.

A portfolio optimizer program is then used to combine the expected return forecasts with a risk model to maximize expected return while controlling for risk relative to the appropriate benchmark to generate portfolio weights. Besides the expected return and risk of the stocks in the universe, the optimizer considers factors such as trading volume, estimated transaction costs, and weights of stocks, sectors, industries and countries relative to the appropriate benchmark.

An investment in any of the MIG Quantitative Funds involves the following risks that are set forth above with respect to the MIG Master Fund and Feeder Fund: Risks Associated with Investments in Securities, Availability of Investment Strategies, Equity Securities, Equity Price Risk (with respect to long positions only), Derivatives, Illiquid Securities, Loans of Portfolio Securities, Non-U.S. Investments and Emerging Markets, Undervalued and Distressed Securities, Brokerage Commissions/Transaction Costs, Small and Medium Capitalization Companies, Purchasing Securities of Initial Public Offering, Unforeseen Events, Concentration of Investments, Systemic Risk, Counterparty and Custodial Risk, Market Liquidity and Leverage, Hedging Transactions, Currency Exposure and Soft Dollars.

Item 9. Disciplinary Information

Neither MIG nor any of its management persons has been subject to any legal or disciplinary events that are material to a Client's or prospective Client's evaluation of MIG's advisory business or the integrity of its management.

Item 10. Other Financial Industry Activities and Affiliations

A. Affiliated Broker-Dealers

Neither MIG nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

B. Affiliated Commodity Advisors

Neither MIG nor any of its management persons are currently registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

C. Other Affiliations and Conflicts of Interest

The MIG Funds' General Partner. As discussed in **Item 6** above, MIG Capital Advisors, LLC (the "**General Partner**"), an affiliate of MIG, serves as a general partner to each MIG Fund and is entitled to receive performance-based compensation from each applicable MIG Fund that is subject to this kind of compensation arrangement pursuant to its Governing Documents. The payment of performance-based compensation may create a conflict of interest. As discussed in **Item 6** above, MIG has established policies and procedures addressing the allocation of investment opportunities among its Clients.

MIG Private Equity, LLC; MIG Real Estate, LLC; Dover Capital Management Advisors, LLC. Each of MIG Private Equity, LLC ("**MIG Private Equity**"), MIG Real Estate, LLC ("**MIG Real Estate**") and Dover Capital Management Advisors, LLC ("**Dover**") is a Delaware limited liability company and is an investment adviser affiliated with MIG. Each of the foregoing entities is engaged solely in the business of providing investment advisory services to "family clients", as that term is defined under the Advisers Act, generally in relation to different types of investments. Richard Merage, Paul Merage and Greg Merage, who have direct and indirect control of MIG, each also hold indirect interests in each of MIG Private Equity, MIG Real Estate, and Dover, and provide certain services to each of such entities. MIG Private Equity and MIG Real Estate do not provide investment advice with respect to any of the same types of securities in which the MIG Funds invest. To the extent that Dover's clients may pursue certain investment objectives and strategies that are similar to or otherwise consistent with the investment objectives and strategies of certain MIG Funds, then generally Dover will, to the extent practicable, direct such clients to invest in the applicable MIG Funds rather than making competing direct investments in the same underlying securities. In addition, as a means of addressing certain conflicts that may arise in connection with the activities described above, investors in the Feeder Funds are also provided with certain rights in the event that Richard Merage (the Chief Executive Officer of MIG) is no longer actively involved for a specified period of time in the management of the MIG Master Fund and the Feeder Funds, as further described in such MIG Funds' Governing Documents. The trusts that are the principal owners of MIG also each have substantial ownership interests in each of MIG Private Equity, MIG Real Estate and Dover.

Certain Conflicts of Interest.

MIG's Clients will be subject to a number of actual and potential conflicts of interest involving MIG, the General Partner and their respective affiliates (the "**MIG Group**"). Certain inherent conflicts of interest arise from the fact that MIG provides investment management services to each of the Clients, and MIG and other members of the MIG Group also engage in numerous other investment activities (including for other clients, and for the benefit of the Merage family), in which no other Client will have any interest (such other investment activities and funds, "**Other Accounts**"). The respective investment programs of any particular Client and any Other Accounts may or may not be substantially similar. MIG may give advice and recommend securities to Clients and/or Other Accounts which may differ from advice given to, or securities recommended or bought for, any other Client, even though their investment objectives may be the same or similar. For the avoidance of doubt, such Other Accounts include (i) Merage family and charitable foundation vehicles, including the Merage Funds and/or other entities or accounts that may be invested in positions opposing or competing with one or more Clients, and (ii) private investment funds that invest in other funds ("funds of funds"). Currently, members of the MIG Group and the Merage family (including trusts established by members of the Merage family) have, directly or indirectly, contributed all or a substantial portion of the capital in the MIG Master Fund and in other MIG Funds.

Conflicts of interest may arise as a result of investment decisions concerning the allocation or purchase of securities eligible for purchase among one or more Clients and other Clients or Other Accounts. It is the policy of MIG to allocate investment opportunities fairly and equitably over time. This means that such opportunities will generally be allocated among those accounts for which participation in the respective opportunity is considered appropriate, taking into account, other considerations, which may include (a) whether the risk-return profile of the proposed investment is consistent with the account's objectives; (b) the potential for the proposed investment to create an imbalance in the account's portfolio; (c) liquidity requirements; (d) potentially adverse tax consequences; (e) regulatory restrictions that would or could limit an account's ability to participate in a proposed investment; and (f) the need to re-size risk in the account's portfolio. Such considerations may result in allocations among the Clients and/or one or more Other Accounts on other than a *pari passu* basis. In certain circumstances, investment opportunities will be allocated *solely* to the Clients or Other Account with respect to which the opportunity has been generated. For instance, because of the fundamental difference in investment philosophy and strategy of the MIG Quantitative Funds as compared to the other Clients, it is anticipated that the MIG Quantitative Funds and the other Clients and/or Other Accounts will trade independent from each other and will not share in investment opportunities.

MIG and its principals will devote to the Clients as much time as MIG deems necessary and appropriate to manage the Clients' business. Future activities of the MIG Group, including the establishment of other investment funds and/or accounts, may give rise to additional conflicts of interest. MIG and the General Partner and their members, officers, personnel and affiliates are not restricted from forming additional investment funds and/or accounts, from entering into other investment advisory relationships or from

engaging in other business activities, even though such activities may be in competition with one or more Clients and/or may involve commitment of substantial time and resources of MIG, the General Partner or any of their affiliates. These relationships could be viewed as creating a conflict of interest in that the time and effort of MIG, the General Partner and their members, officers, personnel and affiliates will not be devoted exclusively to the business of any particular MIG Fund, but will be allocated between the business of the various Clients and the management of the monies of the Other Accounts and any other advisees of MIG and/or General Partner.

D. Recommendation of Other Investment Advisors

MIG does not recommend or select other investment advisers for its Clients, however it does select other hedge funds as investments for the MIG Diversified and MIG Sector Select.

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

A. Code of Ethics

MIG has adopted a Code of Ethics (the “**Code**”) which is included in its Compliance Manual. This obligates all of MIG’s members, officers and employees to put the interests of MIG’s Clients before their own personal interests. The Code has been designed to comply with standards set forth by Rule 204A-1 under the U.S. Investment Advisers Act of 1940, as amended (the “**Advisers Act**”).

Under the Code, MIG’s members, officers and employees are required to disclose their securities holdings and business activities. Trading in securities in personal accounts of MIG staff is subject to preclearance by the Chief Compliance Officer or his designee. Trading in employee accounts is reviewed by the Compliance Officer or his designee. Clients and prospective Clients may obtain a copy of the Code by calling (949) 474-5800 or emailing ir@migcap.com.

MIG maintains a restricted list which is composed of companies whose securities are subject to certain trading prohibitions due to MIG’s business activities. All accounts and all personal trading accounts are prohibited from investing in securities on the restricted list without prior approval from the Chief Compliance Officer.

B. Purchases and Sales of Securities in which MIG has a Material Financial Interest

Members of the MIG Group may invest or cause their clients to invest in one or more of the MIG Funds, and in some cases, members of the MIG Group and the Merage family (including trusts established by members of the Merage family) have, directly or indirectly, contributed all or a substantial portion of the capital in the MIG Master Fund and in other MIG Funds.

C. Purchases and Sales of Securities by Clients and MIG and/or its Affiliates

MIG’s partners, employees or other related persons generally may not purchase or sell securities or interests in which the MIG Funds invest. MIG has established policies and procedures which require prior approval of all personal trades of MIG’s staff, subject to applicable law, blackout periods and post trade review to reduce the risk of front running. All MIG staff must confirm their compliance with these policies and procedures annually.

D. Purchases and Sales of Securities by Clients and MIG and/or its Affiliates at the Same Time

See Item 11.C.

Item 12. Brokerage Practices

A. Brokerage

MIG has complete discretion in deciding what brokers and dealers the MIG Funds will use, and in negotiating the rates of brokerage commissions and other compensation the MIG Funds will pay. Only the MIG Master Fund and the MIG Quantitative Funds (the “**Trading Funds**”) use brokers in their securities trading activities. The Trading Funds are expected to buy and sell securities directly from or to dealers acting as principal at prices that include markups or markdowns, and may buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers.

Portfolio transactions for the Trading Funds will be allocated to brokers and dealers on the basis of seeking best execution and in consideration of relevant factors determined by MIG, which may include but are not limited to, price quotes; the size of the transaction and ability to find liquidity; the broker-dealer’s promptness of execution; confidentiality considerations; the nature of the market for the financial instrument; the timing of the transaction; difficulty of execution; the broker-dealer’s expertise in the specific financial instrument or sector in which the Trading Funds seek to trade; the extent to which the broker-dealer makes a market in the financial instrument involved or has access to such markets; the broker-dealer’s skill in positioning the financial instruments involved; the broker-dealer’s financial stability; reputation for diligence, fairness and integrity; quality of service rendered by the broker-dealer in other transactions for MIG; the quality and usefulness of research services and investment ideas presented by the broker-dealer or third parties; the broker-dealer’s willingness to correct errors; the broker-dealer’s ability to accommodate any special execution or order handling requirements that may surround the particular transaction; and other factors deemed appropriate by MIG. MIG need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread.

MIG has developed a list of approved brokers, which shall be reviewed and approved by MIG’s Risk Committee on no less than an annual basis.

MIG’s portfolio managers will periodically review the brokers appearing on the Approved Broker List throughout the year, with the goal of reviewing each broker at least once annually.

B. Research and Other Soft Dollar Benefits

MIG has adopted policies and procedures regarding the use of soft dollar arrangements. The use of commissions or “soft dollars” if any, generated by a Trading Fund through agency and certain riskless principal transactions to pay for brokerage- and research-related products or services, if any, will fall within the safe harbor created by Section 28(e) of the Securities Exchange Act of 1934, as amended. Under Section 28(e), brokerage- and research-related products or services obtained with soft dollars generated by a Trading Fund may be used by MIG to service accounts other than the Trading Fund that generated the soft dollars. Currently, all or substantially all of the soft dollars used by MIG are

generated by the trading activities of the MIG Master Fund, but are used to service accounts other than the MIG Master Fund. MIG generally seeks to allocate soft dollar benefits to the specific Trading Fund that paid for such benefits. However, research services received may be used to service other Trading Funds to the extent MIG believes the research is of assistance to MIG in fulfilling its overall duty to its Clients. Soft dollars generated in respect of futures, currency and derivatives transactions and principal transactions (that are not riskless principal transactions) do not generally fall within the safe harbor created by Section 28(e) and will be utilized only with respect to brokerage- and research-related products and services for the benefit of the account generating such soft dollars.

To the extent that MIG utilizes broker commissions to obtain research products and services that would otherwise be an expense of MIG, such use of commissions could be viewed as additional compensation to MIG, and MIG will receive a benefit because it does not have to produce or pay for such research or other products or services. This may create a potential conflict of interest between MIG's fiduciary duty to operate the Trading Funds in the best interest of the investors therein and MIG's desire to receive such research products and services. As a result of receiving such products or services, MIG has an incentive to select and recommend, and to use and continue to use, such brokers and dealers to effect transactions for the Trading Funds so long as such brokers and dealers continue to provide such soft dollar credits to MIG, rather than based on the Trading Funds' interest in receiving most favorable execution of their securities transactions. As a result, MIG may cause the Trading Funds to pay commissions (or markups or markdowns) higher than those charged by other brokers and dealers, or to accept lower prices for the sale of securities, in return for soft dollar benefits (known as paying-up), and MIG is authorized to do so if MIG determines that such commissions (or markups or markdowns) are reasonable in relation to the overall services provided. In any instance in which MIG receives soft dollar benefits, a Trading Fund may pay commissions to the relevant broker which are greater than the amount another broker might charge for the same transaction, but MIG will only do so if it determines in good faith that such amount of commissions is reasonable in relation to the value of the brokerage, products, research and other services provided by such broker.

Brokerage- and research-related goods and services provided by brokers and dealers through which portfolio transactions for the Trading Funds are executed, settled and cleared may include, but are not limited to, research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities, certain research services, and other goods and services providing lawful and appropriate assistance to MIG in the performance of its investment decision making responsibilities on behalf of the Trading Funds (collectively, "**soft dollar items**"). During MIG's last fiscal year, MIG used "soft dollars" generated by the Trading Funds to pay for certain products and services, including research management software, access to certain experts, newsletters, access to databases and other services providing market data, news, research and analysis, market quotation services, and access to an execution management system.

Soft dollar items may be provided directly by brokers and dealers, by third parties at the direction of brokers and dealers or purchased on behalf of the MIG Funds, with credits or

rebates provided by brokers and dealers. Soft dollar items may arise from over-the-counter principal transactions, as well as exchange-traded agency transactions. Brokers and dealers sometimes suggest a level of business they would like to receive in return for the various services they provide. Actual business received by any broker or dealer may be less than the suggested allocations, but can (and often does) exceed the suggestions, because total transaction volume is allocated on the basis of all the considerations described above. A broker or dealer will not be excluded from executing transactions for a MIG Fund because it has not been identified as providing soft dollar items.

Brokerage for Client Referrals. MIG does not consider client referrals in selecting or recommending broker-dealers. From time to time, prime brokers may assist the MIG Funds in raising additional funds from investors, and representatives of MIG may speak at conferences and programs sponsored by such brokers for investors interested in investing in hedge funds. Through such “capital introduction” events, prospective investors in a MIG Fund would have the opportunity to meet with MIG. Currently, neither MIG nor any of the MIG Funds compensates any broker for organizing such events or for any investments ultimately made by prospective investors attending such events, nor do they anticipate doing so in the future. While such events and other services provided by a prime broker may influence MIG in deciding whether to use such broker in connection with brokerage, financing and other activities of the MIG Funds, MIG will not commit to allocate a particular amount of brokerage to a broker in any such situation. To the extent MIG receives such services, conflicts may exist between MIG’s interests and the interests of the relevant MIG Fund(s), including that MIG may have an incentive to select a prime broker or broker based on MIG’s interest in receiving client referrals, rather than on a MIG Fund’s interest in receiving most favorable execution. MIG believes that the rates of compensation paid to the prime brokers by the MIG Funds are reasonable and competitive with rates charged by other prime brokers for services of comparable quality.

C. Directed Brokerage

As a general matter, MIG does not enter into direct brokerage arrangements and MIG does not anticipate that any of its Clients will request directed brokerage arrangements.

Item 13. Review of Accounts

A. Account Review

MIG's Chief Compliance Officer, Chief Executive Officer and Controller, together with the applicable portfolio managers for each MIG Fund, monitor each MIG Fund's portfolio as a whole with respect to compliance with (i) the investment strategy, process and any restrictions set forth in such MIG Fund's Governing Documents and (ii) risk parameters and controls established from time to time for such Fund by the Chief Compliance Officer. Reviews related to trade activity, portfolio profit and loss, exposure and attribution reporting are performed on a daily or weekly basis, while more general overviews are performed on a monthly and quarterly basis. In addition, the Chief Compliance Officer also reviews the allocation of securities among the MIG Funds at least annually to seek to ensure that no accounts are favored in the allocation process.

MIG's Risk Committee, which is comprised of Richard Merage, Paul Merage, Greg Merage, as well as MIG's Chief Compliance Officer and the relevant portfolio managers for each MIG Fund, also meets quarterly to perform an overall review of each MIG Fund's risk metrics. The MIG Funds' risk metrics are generally reviewed by the MIG Funds' portfolio managers on at least a weekly basis.

B. Factors that Trigger an Account Review

Not applicable.

C. Account Statements

MIG currently provides investors in each MIG Fund with written unaudited performance information related to such MIG Fund on a monthly basis, and provides investors in each MIG Fund with certain market outlook reports on a quarterly basis.

Investors in each MIG Fund will also receive written audited annual financial statements with respect to such MIG Fund following the end of each fiscal year. Moreover, investors in the MIG Funds may receive certain additional information upon request, as set forth in the applicable investor's or MIG Fund's documentation.

Item 14. Client Referrals and Other Compensation

A. Benefits from Others for Providing Investment Advice

MIG does not receive any economic benefits from non-clients for providing investment advice or other advisory services to Clients.

B. Client Referrals

MIG does not currently, directly or indirectly, compensate any person for client referrals. There will be no sales charges payable to the MIG Funds or to MIG in connection with the offering of interests or shares in any of the MIG Funds. However, MIG may enter into arrangements with placement agents to solicit investors in the MIG Funds, and such arrangements may provide for the compensation of such placement agents for their services at MIG's expense and on a fully disclosed basis. To the extent MIG enlists placement agents for advisory business within the United States, it will do so solely in compliance with Rule 206(4)-3 under the Advisers Act.

Item 15. Custody

MIG is considered to have custody of the securities and cash of the MIG Funds. The prime brokers of the MIG Master Fund and the MIG Quantitative Funds will generally maintain custody of each of those MIG Funds' securities and cash, although in certain instances other brokers that execute transactions for such MIG Funds' will maintain custody of such MIG Funds' assets. In addition, each Feeder Fund maintains an escrow account with a custodian that is used to process periodic cash flows related to subscription and redemptions or withdrawals of interests in such Feeder Fund. MIG does not use a qualified custodian to send quarterly account statements directly to the investors in the MIG Funds. Each MIG Fund managed by MIG will provide audited financial statements to its investors within 120 days following the end of its fiscal year; provided, however, that the Funds of Funds will provide audited financial statements to their investors within 180 days following the ends of their respective fiscal years.

Item 16. Investment Discretion

MIG has discretionary authority to manage securities accounts on behalf of each MIG Fund, pursuant to an investment management agreement applicable to each such MIG Fund and to which MIG is a party. These agreements include an explicit grant of discretionary authority to manage the applicable MIG Fund's assets. There are no specific limitations placed on this authority, provided that we will exercise our discretionary authority in accordance with the investment objectives, strategies, policies and applicable limitations, if any, set forth in applicable Governing Documents of each MIG Fund.

Item 17. Voting Client Securities

A. Proxy Voting Authority

MIG has adopted proxy voting policies and procedures with respect to voting proxies on behalf of its Clients. MIG utilizes Institutional Shareholder Services (“ISS”), a third party proxy voting service, to assist it in analyzing and voting proxies for the MIG Master Fund and the MIG Quantitative Funds.

MIG Diversified Fund, L.P. and MIG Sector Select Fund follow a “fund of funds” strategy and proxies related to the securities held directly by the underlying Portfolio Funds in which these MIG Funds invest are voted by the applicable Portfolio Funds. However, as part of the investment authority granted to MIG by these MIG Funds, MIG may occasionally have the opportunity to vote, on behalf of the applicable MIG Funds, on matters proposed by the Portfolio Funds in which the MIG Funds invest.

If MIG becomes aware of any potential conflict of interest arising with respect to a proxy voting matter, including with respect to any such matter referred to MIG’s attention by ISS, then MIG’s Chief Compliance Officer and the relevant portfolio manager for the MIG Fund entitled to vote on the matter will review the relevant matters in advance to seek to ensure that MIG’s proposed votes are in the best interests of its Clients, and are not prompted by any conflict of interest. The Chief Compliance Officer may, in his discretion, elect to elevate any such proxy voting matter to MIG’s Risk Committee for review.

A holder of any interest in a MIG Fund may request a copy of ISS’s Proxy Voting Policies and MIG’s Proxy Voting Policies and Procedures, as well as information about how MIG voted any MIG Fund’s proxies, by contacting the Chief Compliance Officer by calling (949) 474-5800 or emailing ir@migcap.com.

B. Limits on Proxy Voting Authority

Not applicable.

Item 18. Financial Information

A. Prepayment of Fees

MIG does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

B. Financial Impairment

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

C. Bankruptcy Petition

MIG has not been the subject of any bankruptcy petition.

Item 19. Requirements for State-Registered Advisers

Not applicable.