

ITEM 1
COVER PAGE

Axial Capital Management, LLC
Part 2A of Form ADV
The Brochure

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This brochure (this "Brochure") provides information about the qualifications and business practices of Axial Capital Management, LLC ("Axial" or the "Investment Manager"). If you have any questions about the contents of this Brochure, please contact us at (212) 984-2100. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Axial is registered as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about Axial is also available on the SEC's website at: www.adviserinfo.sec.gov.

Item 2 - Material Changes

Not applicable, as this document is part of the Investment Manager's initial filing.

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Item 4 - Advisory Business

Axial was founded in 2002 and is owned by Marc Andersen and Eliav Assouline. Axial's office is located in New York, New York. Axial provides investment management services to private pooled investment vehicles. The investment vehicles are structured as limited partnerships and a Cayman Islands exempted company. In connection with providing these investment management services, Axial has been appointed as investment manager with discretionary trading authority. Additional detailed information about Axial is provided below, including information about Axial's advisory services, investment approach, affiliations and brokerage practices.

Axial serves as the investment manager to three investment partnerships organized under the laws of the State of Delaware: Axial Capital, LP ("Capital"), Axial Capital Institutional, LP ("Institutional") and Axial Capital Advantage, LP ("Advantage," together with Capital and Institutional, collectively, the "U.S. Funds"). Axial Capital Partners GP, LLC, a limited liability company organized under the laws of the State of Delaware and affiliated with Axial, serves as the general partner of the U.S. Funds (the "General Partner"). The interests in Capital are offered on a private placement basis and in reliance on Section 3(c)(1) of the Investment Company Act of 1940, as amended (the "Company Act"), to persons who generally are "accredited investors" as defined under the Securities Act of 1933, as amended (the "Securities Act"), and subject to certain other conditions, which are set forth in the offering documents for Capital. The interests in Institutional and Advantage are offered on a private placement basis and in reliance on Section 3(c)(7) of the Company Act to persons who generally are "accredited investors" as defined under

the Securities Act and "qualified purchasers" as defined under the Company Act, and who are subject to certain other conditions, which are set forth in the offering documents for Institutional and Advantage, respectively.

Axial is also the investment manager to an investment fund organized under the laws of the Cayman Islands as an exempted company, Axial Capital Offshore, Ltd. (the "Offshore Fund," together with the U.S. Funds and the Master Fund (as defined below), collectively, the "Funds"). Shares in the Offshore Fund are generally offered to persons (x) who are not "U.S. Persons," as defined under Regulation S of the Securities Act, or who are tax-exempt U.S. Persons (or entities substantially composed of tax-exempt U.S. Persons), on a private placement basis, and (y) who are subject to certain other conditions, which are fully set forth in the offering documents for the Offshore Fund.

To effect their respective investment objectives, Institutional and the Offshore Fund invest their assets in Axial Capital Master, L.P. (the "Master Fund"). The Master Fund is a Cayman Islands exempted limited partnership. Axial serves as the investment manager to the Master Fund.

Axial has full discretionary authority with respect to investment decisions of the Funds, and its advice with respect to the Funds is tailored according to the investment objectives, guidelines and requirements as set forth in each Fund's respective offering memorandum.

As of December 31, 2011, Axial's assets under management were \$1.295 billion (inclusive of all withdrawals and redemptions effective as of such date and based on the Funds' net asset value, as opposed to regulatory assets under management in Form ADV, Part 1A), and Axial provided discretionary investment management services to five clients.

Item 5 - Fees and Compensation

The fees and expenses applicable to each Fund are set forth in detail in each Fund's respective offering documents. A brief summary of those fees and expenses is provided below.

Management Fees

Institutional (either directly or through the Master Fund) and Capital each generally pays Axial at the beginning of each quarter an amount ("Management Fee") equal to 0.375% (1.5% annualized) of a limited partner's beginning capital account for such quarter (prorated for partial periods). A *pro rata* portion of any Management Fee paid in advance will be repaid by Axial to Institutional or Capital, as the case may be, and distributed to any limited partner that is permitted to withdraw prior to the end of a quarter.

The Offshore Fund, either directly or through the Master Fund, generally pays Axial a Management Fee, payable quarterly (prorated for partial periods), in advance, equal to 0.375% (1.5% annualized) of the net asset value ("NAV") of the Offshore Fund's common shares as of the beginning of each quarter without accrual of any incentive allocation. A *pro rata* portion of any Management Fee paid in advance will be repaid by Axial to the Offshore Fund and distributed to any shareholder that is permitted to redeem prior to the end of a quarter.

Incentive Allocation

The General Partner is generally entitled at the end of each fiscal year to an amount (the "Incentive Allocation") equal to 20% of the net profits of each Fund during such fiscal year. Net profits include both realized gains and losses and unrealized gains and losses of securities held in each Fund's portfolio. Generally, any net loss in a fiscal year allocated to any limited partner or share is carried forward so that no Incentive Allocation is borne by such limited partner or shareholder unless the losses have been recouped, subject to certain adjustments. The exact method of calculation and other terms of the Incentive Allocation are more fully detailed in each Fund's offering memorandum.

Axial, the General Partner or the applicable Fund, in its sole discretion, may waive or reduce the Management Fee for investors in Capital, Institutional or the Offshore Fund that are principals, employees or affiliates of Axial or the General Partner, relatives of such persons, and for certain large or strategic investors. Axial, the General Partner or the applicable Fund, in its sole discretion, may waive or reduce the Incentive Allocation for investors in the foregoing Funds as well as Advantage that are principals, employees or affiliates of Axial or the General Partner, relatives of such persons, and for certain large or strategic investors.

Expenses

As more fully described in each Fund's offering documents, Axial (or its affiliate) bears all overhead expenses of an ordinary and recurring nature incurred in connection with the investment and other management services that it provides for the Funds, such as rent, supplies, secretarial expenses, stationery, charges for furniture and fixtures, payroll taxes and compensation of employees. The Funds bear all other expenses, including, without limitation, investment expenses such as commissions (see the *Brokerage Practices* section below for more information), custodial fees, bank service fees, legal, accounting, auditing and other professional expenses, research expenses, fees and expenses of the Funds' administrator, directors' fees and expenses, a *pro rata* share of directors' and officer's insurance and related insurance expenses, Management Fees, organizational and offering expenses, and other expenses related to the purchase, sale or transmittal of Fund assets. Brokerage and research expenses of a Fund may be paid through the use of "soft dollars" (see the *Brokerage Practices* section below for more information).

Item 6 – Performance-Based Fees and Side-by-Side Management

Axial or its affiliate accepts performance-based allocations or fees from each Fund (either directly or through the Master Fund). Axial computes such allocations/fees in a similar manner for each Fund (either directly or through the Master Fund).

Item 7 - Types of Clients

Axial provides advice to the Funds, which are private investment vehicles, as described above. Investors in the Funds may include some or all of the following: individuals, banks or thrift institutions, investment companies, pension and profit sharing plans, other benefit plans, trusts, estates, family offices, endowments, foundations, other charitable organizations, corporations or business entities other than those listed previously, private investment funds and other entities.

Investors in the U.S. Funds and the Offshore Fund are generally required to make initial investments of at least \$1 million. The General Partner (for the U.S. Funds) or the Board of Directors (for the Offshore Fund) may waive the minimum initial investment amount.

Investors in the U.S. Funds and the Offshore Fund are persons who generally are (x) "accredited investors" as defined under the Securities Act or (y) not U.S. Persons (as defined under Regulation S of the Securities Act). In addition, investors in Institutional, Advantage and the Offshore Fund who are U.S. Persons (as defined under Regulation S of the Securities Act) must generally be "qualified purchasers" as defined under the Company Act.

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

The investment strategies and objectives, methods of analysis and certain material risks applicable to each Fund are set forth in detail in each Fund's respective offering documents. A summary of those matters is provided below.

The descriptions set forth in this Brochure of specific advisory services that Axial offers to clients, and investment strategies pursued and investments made by Axial on behalf of its clients, should not be understood to limit in any way Axial's investment activities. Axial may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that Axial considers appropriate, subject to each client's investment objective and guidelines. The investment strategies Axial pursues are speculative and entail substantial risks. Clients and investors should be prepared to bear a substantial or complete loss of capital. There can be no assurance that the investment objective of any client will be achieved.

Investment Strategies and Methods of Analysis

The investment objective of the Funds generally is to achieve superior risk-adjusted returns regardless of market conditions. To achieve its objective, the Funds will primarily take long and short positions in publicly traded North American, Western European and/or Asian equity securities (though Advantage generally focuses on industry-specific short positions).

The Funds use a disciplined, value-oriented approach to identifying securities whose market values differ materially from their fundamental worth. The Investment Manager believes that a compelling portfolio of investments can be created by building: 1) long positions in business franchises that satisfy strict value criteria and 2) short positions in overvalued businesses with poor fundamentals and deteriorating credit.

On the long side, the Funds (except Advantage) focus their investments in companies with profitable business models, recurring and defensible revenue streams and significant and increasing free cash flow. In order to find investment opportunities exhibiting these solid fundamentals, the Investment Manager employs a strict value-based approach to investing. The Investment Manager evaluates the intrinsic value of a business by analyzing its historical and projected cash flow, existing asset base and return on invested capital. Intrinsic value is measured with a combination of cash flow multiple valuation, comparable company analysis, discounted cash flow valuation and private market takeover analysis. The resulting estimate of intrinsic value is compared to trading value to determine the attractiveness of the investment.

The Funds seek to establish short positions in overvalued companies whose core competencies are being severely pressured and whose opportunities for defensive action are limited. Ideal short candidates have weak and vulnerable business models, declining fundamentals and excessive operational and/or financial leverage. The Investment Manager typically originates a short position in a situation where it believes that a company's poor or declining fundamentals will likely result in financial distress accompanied by a significant fall in valuation.

The Funds utilize leverage as part of their investment strategy. The Funds may use short sales, swaps, options, futures or other financial instruments to substitute for, complement or hedge long or short positions. In addition to the leverage that is inherent in a short sale, swap, option or similar financial instrument, the Funds may enter into securities transactions on margin in order to employ additional leverage when the Investment Manager deems such action to be appropriate. The Investment Manager determines the amount of leverage utilized at any given time depending on market conditions and perceived investment opportunities. The Investment Manager may use financial futures (*i.e.*, stock index futures) in order to hedge market risks, although the Investment Manager may also use futures for speculative purposes.

While the Funds invest primarily in North American, Western European and/or Asian equity securities, the Funds have broad and flexible investment authority. Accordingly, the Funds' assets may at any time include long or short positions in U.S. or foreign publicly traded or privately issued common stocks, preferred stocks, stock warrants and rights, indices, exchange traded funds, corporate debt (including bank debt), bonds, notes or other debentures, convertible securities, options (purchased and sold), futures contracts, commodities, forward contracts, swaps and other derivative instruments, partnership interests and other securities or financial instruments, including those of investment companies.

Axial utilizes many sources of information in its analyses of investments. These sources include, but are not limited to: financial filings; business, economic, financial and other publications; trade journals; third-party data services; outside research; and one-on-one conversations with company management teams, suppliers, customers, end users and sector specialists, as well as lawyers, lobbyists, other investment managers and academic specialists. These sources may provide Axial with fundamental and technical research, including, but not limited to, information regarding various markets, industries, assets and companies.

Risk of Loss

Each Fund is designed only for sophisticated persons who are able to bear the risk of the loss of their entire investment in such Fund and have limited need for liquidity in their investment. The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in any of the Funds advised by Axial. These risk factors summarize only certain risks Axial believes to be material, significant or unusual and relate to significant investment strategies or methods of analysis employed by Axial.

All investing involves a risk of loss that clients and investors should be prepared to bear. The investment strategies offered by Axial could lose money over short or long periods of time.

Identifying undervalued, overvalued or mispriced securities and other assets is difficult, and there are no assurances that Axial's investment strategies will succeed. Furthermore, a Fund may be forced to hold investments for a substantial period of time before realizing any anticipated value. Axial cannot give any guarantee that it will achieve any Fund's investment objective or that any Fund will receive a return on its investment. Investors and potential investors should consider each Fund to be a speculative investment, as no Fund is intended to be a complete investment program.

The risks noted below may not apply (or may not apply in the same manner) to all Funds. Investors ultimately should refer to their specific Fund's offering documents for detailed risk disclosures that specifically address risks of such Fund's investment strategies, methods of analysis and/or particular types of securities recommended. Investors and potential investors should carefully evaluate all those risks before making any investment decision. Below is a summary of material risks for Axial's investment strategies, the methods of analysis used and/or the particular type of security recommended. Please note that Axial's use of the term "investor" in this section may refer to either a limited partner in a U.S. Fund or a shareholder in the Offshore Fund.

Overall Investment Risk

All securities investments risk the loss of capital. The nature of the securities to be purchased and traded by the Funds and the investment techniques and strategies to be employed in an effort to increase profits may increase this risk. There can be no assurance that any particular Fund will not incur losses. Many unforeseeable events, including actions by various government agencies and domestic and international political events, may cause sharp market fluctuations.

Lack of Diversification; Volatility

The investment portfolios of the Funds may not be diversified among long and short positions, and will not be diversified among issuers, market capitalizations, industries, types of securities and geographic areas. Therefore, the Funds generally will not be as diversified as many other investment vehicles. Accordingly, the Funds may be subject to more rapid change in value than would be the case if the Funds were required to maintain a diversified portfolio. In addition, because the Funds use leverage, they may experience significant volatility.

Short Sales

Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on a Fund's portfolio. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There is a risk that a Fund would have to return the securities it borrows, in connection with a short sale, to the securities lender on short notice. If a request for return of borrowed securities occurs at a time when other short sellers of the security are receiving similar requests, a "short squeeze" can occur, and a Fund may be compelled to replace borrowed securities previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received in originally selling the securities short. Such Fund's equity could be reduced to zero, or become negative, if the share prices of companies that the Fund has shorted increase substantially.

Such price movement could eventually cause a Fund to default on its obligations and become insolvent.

Market events in the third quarter of 2008 led to a temporary prohibition on short sales of publicly traded equity securities in certain financial and other companies by the SEC, as well as similar restrictions in certain other countries and markets. Any such continuing restrictions, such as uptick rules and European short-sale limitations, or the implementation of other restrictions on short sales or other market activity, could significantly affect the Investment Manager's ability to implement a Fund's investment strategy. Such ability could also be impaired if a Fund has difficulty locating shares to borrow at an acceptable price.

Market Risks; Short Bias

The profitability of a significant portion of each Fund's investment program depends to a great extent upon correctly assessing the future course of price movements of specific securities and other investments. There can be no assurance that the Investment Manager will be able to predict accurately these price movements. Because each Fund's portfolio will have significant short positions, a positive change in the securities market may result in a significant decline in the value of each Fund's assets (or a complete loss).

Options

Purchasing put and call options, as well as writing such options, are highly specialized activities and entail greater than ordinary investment risks. The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, either to purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk. Because option premiums paid or received by an investor are small in relation to the market value of the investments underlying the options, buying and selling put and call options can result in large amounts of leverage. As a result, the leverage offered by trading in options could cause the value of an investor's capital account or shares to be subject to more frequent and wider fluctuations than would be the case if the Funds did not invest in options.

Business, Legal and Regulatory Risks of Hedge Funds

Legal, tax and regulatory changes (including through legislative, judicial or administrative action) could occur during the term of a Fund that may adversely affect such Fund. The regulatory environment for hedge funds is evolving, and changes in the regulation of hedge funds may adversely affect the value of investments held by the Funds and the ability of each Fund to obtain the leverage it might otherwise obtain or to pursue its trading strategies. In addition, securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. Regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivative transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by

government and judicial actions. The effect of any future legal, tax or regulatory change on any Fund could be substantial and adverse.

Absence of United States or Other Regulatory Oversight

While each Fund may be considered similar to an investment company, no Fund intends to register as such under the Company Act, in reliance upon an exclusion from the definition of “investment company” available to privately offered investment companies, and, accordingly, the provisions and protections of the Company Act (which, among other matters, require investment companies to have disinterested directors, require securities held in custody to at all times be individually segregated from the securities of any other person or marked to clearly identify such securities as the property of such investment company and regulate the relationship between the adviser and the investment company) will not be applicable. Neither any Fund nor the Investment Manager is required to, and nor does either intend to, register under the laws of any non-U.S. jurisdiction (other than the Cayman Islands in the case of the Master Fund and the Offshore Fund, as applicable), and, accordingly, the provisions of statutes of certain jurisdictions (which may provide certain regulatory safeguards to investors) are not applicable.

Special Situations

The Funds, as applicable, may invest in or may short companies involved in (or the target of) acquisition attempts or tender offers or companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, take considerable time or result in a distribution of cash or a new security the value of which will be less than the purchase price to a Fund of the security or other financial instrument in respect of which such distribution is received. If an anticipated transaction does not in fact occur, a Fund may be required to sell its investment at a loss. Alternatively, if an anticipated transaction does in fact occur, a Fund may be required to close its short position at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which a Fund may invest, there is a potential risk of loss by a Fund of its entire investment in such companies (or more, in the case of a short position).

Futures

The use of futures is a specialized activity that involves investment strategies and risks different from those associated with ordinary portfolio securities transactions, and there can be no guarantee that their use will increase any Fund’s return or not cause a Fund to sustain large losses. While the use of these instruments by a Fund may reduce certain risks associated with portfolio positions, these techniques themselves entail certain other risks. Futures markets are highly volatile. The low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. A Fund could experience losses if the values of its futures positions were poorly correlated with its other investments, or if it could not close out its positions because of an illiquid market. In addition, such Fund will incur transaction costs, including trading commissions, in connection with its futures transactions, and these transactions could significantly increase such Fund’s investment turnover rate. There is no assurance that a liquid secondary market will exist for futures contracts or options purchased or sold, and a Fund may be required to maintain a position until exercise or expiration, which could result in losses.

Many futures exchanges limit the amount of fluctuation permitted in contract prices during a single trading day. Once the daily limit has been reached in a particular contract, no trades may be made that day at a price beyond that limit. Contract prices could move to the daily limit for several consecutive trading days permitting little or no trading, thereby preventing prompt liquidation of futures and options positions and potentially subjecting a Fund to substantial losses. Investing in futures contracts, options or commodities is a highly specialized investment activity entailing greater than ordinary investment risks.

Exchange Traded Funds ("ETFs")

The Funds may invest in the securities of ETFs, which represent interests in (i) fixed portfolios of common stocks designed to track the price and dividend yield performance of broad-based securities indices (e.g., the S&P 500 or Nasdaq 100) or (ii) "baskets" of industry-specific securities. ETF securities are traded on an exchange like shares of common stock. The value of ETF securities fluctuates in relation to changes in the value of the underlying portfolio of securities. However, the market price of ETF securities may not be equivalent to the *pro rata* value of the underlying portfolio of securities. ETF securities may be subject to the risks of an investment in a broad-based portfolio of common stocks or to the risks of a concentrated, industry-specific investment in common stocks. ETF securities are considered investments in registered investment companies.

Counterparty Risk

To the extent a Fund utilizes swaps, "synthetic" or derivative instruments, repurchase agreements, certain types of options or other customized financial instruments, or non-U.S. securities, such Fund takes the risk of non-performance 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 that 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.

Credit Default Swap Agreements

The "buyer" in a credit default contract is obligated to pay the "seller" a periodic stream of payments over the term of the contract in return for a contingent payment upon the occurrence of a credit event with respect to an underlying reference obligation. Generally, a credit event means bankruptcy, failure to pay or obligation acceleration. If a credit event occurs, the seller typically must pay the contingent payment to the buyer, which is typically the "par value" (full notional value) of the reference obligation. The contingent payment may be a cash settlement or by physical delivery to the seller of the reference obligation in return for payment to the buyer of the face amount of the obligation. In certain circumstances, the buyer can receive the notional value of a credit default swap only by delivering a physical security to the seller and is at risk if a deliverable security is unavailable or illiquid. A Fund may be either the buyer or seller in the transaction. It is anticipated that in most cases a Fund would be the buyer in the transaction. If a Fund is a buyer and no credit event occurs, such Fund may lose its investment and recover nothing. However, if a credit event occurs, the buyer typically receives full notional value for a reference obligation that may have little or no value.

Credit default swaps involve greater risks than if a Fund had invested in the reference obligation directly. In addition to general market risks, credit default swaps are subject to liquidity risk and credit risk. Also, there may be legal restrictions on transacting in, or maintaining, credit default swaps, such as in European countries.

Swap Agreements Generally

In addition to credit default swaps, a Fund may enter into other types of swap agreements. Swap agreements are two party contracts entered into primarily by institutional investors for periods ranging from a few weeks to more than a year. In a standard “swap” transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realized on particular predetermined investments or instruments. The gross returns to be exchanged or “swapped” between the parties are calculated with respect to a “notional amount” (*e.g.*, the return on or increase in value of a particular dollar amount invested at a particular interest rate, in a particular foreign currency or security, or in a “basket” of securities representing a particular index). The “notional amount” of the swap agreement is only an artificial basis on which to calculate the obligations that the parties to a swap agreement have agreed to exchange. Most swap agreements entered into by a Fund would calculate the obligations of the parties to the agreement on a “net” basis. Consequently, such Fund's obligations (or rights) under a swap agreement will generally be equal only to the net amount to be paid (or received) under the agreement based on the relative values of the positions held by each party to the agreement.

Whether a Fund's use of swap agreements, if any, will be successful in furthering its investment objective will depend on the Investment Manager's ability to predict correctly whether certain types of investments are likely to produce greater returns than other investments. Each Fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or bankruptcy of a swap agreement counterparty. The swaps market is not yet fully regulated. It is possible that developments in the swaps market, including upcoming government regulation, could adversely affect a Fund's ability to terminate existing swap agreements, to realize amounts to be received under such agreements or to enter into new swap agreements.

Leverage

Each Fund may utilize leverage as part of its investment strategy. Leverage increases returns to investors if such Fund earns a greater return on leveraged investments than the Fund's cost of such leverage. However, leverage may also increase the adverse impact to which a Fund's portfolio may be subject.

Borrowings of securities (to sell short) will usually be from securities brokers and dealers and will typically be secured by a Fund's securities and any other assets. Under certain circumstances, such a broker-dealer may demand a replacement of the borrowed shares or an increase in the collateral that secures the Fund's obligations, and, if such Fund was unable to replace such shares or provide additional collateral, the broker-dealer could liquidate assets held in the account to satisfy the Fund's obligations to the broker-dealer. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of a Fund's borrowings and the interest rates on those borrowings, which will fluctuate, will have a significant effect on such Fund's profitability.

The use of leverage (through borrowings of capital or shares) also exposes a Fund to levels of risk including (i) greater losses from investments than would otherwise have been the case had the Fund not borrowed to make the investments, (ii) margin calls or changes in margin requirements that may force premature liquidations of investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Fund's cost of leverage related to such investments. In case of a sudden, precipitous drop in the value of a Fund's assets, such Fund might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying the losses incurred by the Fund.

In an uncertain credit environment, the Investment Manager may find it difficult or impossible to obtain leverage for a Fund. Since the ability to leverage its assets may be an integral part of the investment strategy of a Fund, in such event the Fund could find it difficult to implement its strategy. In addition, any leverage obtained, if terminated on short notice by the lender, could result in the Investment Manager's being forced to unwind positions quickly and at prices below what the Investment Manager deems to be fair value for the positions.

Custody and Prime Brokerage Risks

There are risks involved in dealing with the custodians or prime brokers who settle Funds' trades. A Fund maintains custody accounts with each of its prime brokers and primary custodians (the "Prime Brokers"). Although the Investment Manager monitors the Prime Brokers and believes that they are appropriate custodians, there is no guarantee that the Prime Brokers, or any other custodian that a Fund may use from time to time, will not become bankrupt or insolvent. While both the Bankruptcy Code and the Securities Investor Protection Act of 1970 seek to protect customer property in the event of a bankruptcy, insolvency, failure or liquidation of a broker-dealer, there is no certainty that, in the event of a failure of a broker-dealer that has custody of a Fund's assets, such Fund would not incur losses due to its assets being unavailable for a period of time, ultimate less than full recovery of its assets, or both.

The Funds and/or the Prime Brokers may appoint sub-custodians in certain non-U.S. jurisdictions to hold the assets of the Funds. The Prime Brokers may not be responsible for cash or assets that are held by sub-custodians in certain non-U.S. jurisdictions, or for any losses suffered by a Fund as a result of the bankruptcy or insolvency of any such sub-custodian. A Fund may therefore have potential exposure on the default of any sub-custodian, and, as a result, many of the protections that would normally be provided to a fund by a custodian may not be available to such Fund. Under certain circumstances, including certain transactions where a Fund's assets are pledged as collateral for leverage from a non-broker-dealer custodian or a non-broker-dealer affiliate of the Prime Broker, or where a Fund's assets are held at a non-U.S. custodian, the securities and other assets deposited with the custodian or broker may not be clearly identified as being assets of such Fund and hence it could be exposed to a credit risk with regard to such parties. Custody services in certain non-U.S. jurisdictions remain undeveloped, and, accordingly, there is a transaction and custody risk of dealing in certain non-U.S. jurisdictions. Given the undeveloped state of regulations on custodial activities and bankruptcy, insolvency or mismanagement in certain non-U.S. jurisdictions, the ability of a Fund to recover assets held by a sub-custodian in the event of the sub-custodian's bankruptcy or insolvency could be in doubt, as the Fund may be subject to significantly less favorable laws than many of the protections that would be available under U.S.

laws. In addition, there may be practical problems or timing issues associated with enforcing a Fund's rights to its assets in the case of a bankruptcy or insolvency of any such party.

Lack of Liquidity of Fund Assets; Valuation

Funds' assets may, at any given time, include securities and other financial instruments or obligations that are thinly traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to value accurately any such investments.

Because of overall size and concentration in the markets in which the Funds will trade, the value at which their investments can be liquidated may differ, sometimes significantly, from the interim valuations arrived at using the methodology described in the Funds' partnership agreements and/or offering memoranda, as applicable. In addition, the timing of liquidations may also affect the values obtained on liquidation. A Fund's positions may routinely trade with bid-ask spreads that may be significant. At times, third-party pricing information may not be available for certain positions held by a Fund. Each Fund is entitled to rely, without independent investigation, upon pricing information and valuations furnished to such Fund by third parties, including counterparties and pricing services.

In light of the foregoing, there is a risk that an investor who withdraws all or part of his/her investment while a Fund has such investments will be paid an amount less than he/she would otherwise be paid if the actual value of such investments is higher than the value designated by such Fund. Similarly, there is a risk that such investor might, in effect, be overpaid if the actual value of the investment is lower than the value designated by the Fund. In addition, there is a risk that an investment in such Fund by a new investor (or an additional investment by an existing investor) could dilute the value of such investments.

Non-U.S. Securities

Though the Funds often focus on U.S. securities, they may also invest in non-U.S. securities. Investing in securities of non-U.S. governments and companies that are generally denominated in non-U.S. currencies and utilization of options on non-U.S. securities involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of the United States Government or United States companies. These considerations include changes in exchange rates and exchange control regulations, other regulatory issues, political, legal and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Currency Risks

Any investments of a Fund that are denominated in non-U.S. currencies are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for

investment and capital appreciation and political developments. From time to time, the Investment Manager may try to hedge these risks by investing in currencies and options thereon, forward currency exchange contracts and similar instruments, or any combination thereof, but there can be no assurance that such strategies will be implemented or, if implemented, will be effective.

Interest Rate Risk

The Funds are subject to interest rate risk, especially if they short debt securities. As interest rates rise, the value of debt securities tends to decrease. Conversely, as interest rates fall, the value of debt securities tends to increase. One or more of the Funds expects to have a significant short bias and may use significant amounts of leverage. Accordingly, if interest rates fall and/or the value of government bond securities increases, such Funds could suffer significant losses or even a total loss, and the fact that a Fund may use significant leverage could mean that even modest movements in the government bond markets or interest rates result in a significant or total loss for such Fund.

Small to Medium Cap Stocks

At any given time, a Fund may invest by establishing long or short positions in smaller-to-medium sized companies with market capitalization of less than \$5 billion (U.S.) and frequently less than \$1 billion (U.S.). The securities of such companies may be more volatile in price over certain periods of time than those of larger capitalized, more established companies included in the S&P 500. Further, there may be less publicly available information concerning such companies than for larger, more established businesses. The equity securities of smaller capitalization companies may not be traded in the volumes typical of larger companies. Consequently, the Investment Manager may be required to dispose of such securities or cover a short position over a longer (and potentially less favorable) period of time than is required to dispose of securities or cover a short position with respect to the securities of larger, more established companies. Investments in companies with limited operating histories may be more speculative and entail greater risk than investments in companies with an established operating record.

Illiquidity and In Kind Distributions

Inasmuch as there are substantial restrictions on withdrawals by investors in the Funds and interests are not tradable, an investment in any Fund is an illiquid investment. Further, if a substantial number of investors were to request withdrawal/redemption from a Fund and such Fund did not have a sufficient number of liquid securities, the Fund might have to meet such requests through distributions of short positions and/or thinly-traded or illiquid securities. The Funds may also suspend withdrawals/redemptions in the circumstances described in applicable offering documents. In light of the foregoing, investment in any Fund should be considered only by persons financially able to maintain their investment for a substantial period of time and who can afford a loss of a substantial part (or the entirety) of their investment.

Limited Withdrawal, Redemption and Transfer Rights

Each Fund has its own schedule for permitted withdrawals or redemptions with an applicable notice period, as described in such Fund's offering documents. Also, investors may only transfer their interests or shares with the prior written consent of the General Partner or the Fund, as

applicable. Accordingly, only investors willing to give up access to and control over their funds should acquire interests or shares in a Fund.

Non-Disclosure of Positions

In an effort to protect the confidentiality of its positions, a Fund generally will not disclose its positions to investors, although the Investment Manager, in its sole discretion, may permit such disclosure on a select basis to certain investors if the Investment Manager determines that there are sufficient confidentiality procedures in place.

Incentive Allocation

The allocation of a percentage of each Fund's net profits to the General Partner may create an incentive for the Investment Manager to cause such Fund to make investments that are riskier or more speculative than would be the case if this allocation were not made. Since the allocation is generally calculated on a basis that includes unrealized appreciation of assets, such allocation may be greater than if it were based solely on realized gains.

Reliance on Principals

Marc Andersen and Eliav Assouline are the managing members of the Investment Manager. In the event that either Mr. Andersen or Mr. Assouline or both of them resign from the General Partner and the Investment Manager, die or otherwise cease to participate in the management of a Fund, investors would generally have no special withdrawal rights. If Mr. Andersen or Mr. Assouline or both of them no longer participated in the management of such Fund, it is possible that a significant number of investors would exercise their right to withdraw or redeem at the next applicable withdrawal or redemption date. There can be no assurance that the portfolio could be liquidated in an efficient manner to accommodate such withdrawals/redemptions, and investors could experience significant losses. In addition, there can be no assurance that enough investors would choose to remain invested in such Fund to make it feasible to continue to manage the portfolio.

Lack of Operating History

One or more of the Funds are recently formed entities that have no prior (or a brief) operating history. The past investment performance of the Investment Manager should not be construed as an indication of the future results of an investment in any Fund.

Item 9 - Disciplinary Information

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

Item 10 - Other Financial Industry Activities and Affiliations

Axial and its management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

Eliav Assouline, a principal of the Investment Manager and General Partner, is also one of three directors of the Offshore Fund. The Fund's other two directors are independent of the Investment Manager and the General Partner.

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

Axial and its personnel do not purchase or sell any securities for their own accounts from or to the Funds.

Code of Ethics

Axial strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, Axial has adopted a Code of Ethics (the "Code"). The Code incorporates the following general principles that all personnel are expected to uphold: personnel must at all times place the interests of clients first; all personal securities transactions must be conducted in a manner consistent with the Code and any conflicts of interest or any abuse of an employee's position of trust and responsibility must be avoided; personnel must not take any inappropriate advantage of their positions; information concerning the identity of securities and financial circumstances of the Funds, including the Funds' investors, must be kept confidential; and independence in the investment decision-making process must be maintained at all times.

The Code also places restrictions on personal trades by all personnel, including that they disclose their personal securities holdings and transactions to Axial on a periodic basis. Axial generally prohibits purchases or short-selling by employees of individual securities or IPOs. However, in limited circumstances, Axial's personnel may be permitted to sell securities held in their personal accounts and engage in certain other transactions, in each case with appropriate prior written approval. Personnel are permitted to purchase and sell certain other securities (including index funds, Treasury securities and certain ETFs) with prior approval and certain holding restrictions. The Funds may invest in the same or similar instruments. The Code includes restrictions designed to supervise the giving or receiving of gifts and entertainment and the outside business activities of personnel.

Axial's personnel generally will not serve on the board of directors of any outside company, unless the service would be in the best interests of Axial or the Funds and has been approved in writing by Axial's chief compliance officer. Accordingly, the circumstances in which a principal or employee of Axial may serve as a director of a company, the securities of which are purchased on behalf of the Funds, are expected to be very limited. If such director (i) obtains material non-public information in such capacity with respect to such company or (ii) is subject to trading restrictions pursuant to the policies of the company or Axial, Axial and the Funds may be prohibited from engaging in transactions with respect to the securities or instruments of such company.

Investors may request a copy of the Code by contacting Axial at the address or telephone number listed on the first page of this document.

Item 12 - Brokerage Practices

In selecting and approving brokers to effect portfolio transactions for the Funds, the factors Axial may consider include, but are not limited to: quality of execution, reputation, financial strength, stability, block trading and block positioning capabilities, willingness to execute difficult

transactions, willingness and ability to commit capital, access to underwritten offerings and secondary markets, ongoing reliability, overall costs of a trade, nature of the security, liquidity and the available market makers, desired timing of the transaction and size of the trade, confidentiality of trading activity, market intelligence regarding trading activity and the receipt of brokerage or research services.

Soft Dollar Usage

Axial intends that the use of commissions or "soft dollars" to pay for "research" or "brokerage" products or services will come within the safe harbor created by Section 28(e) of the Securities Exchange Act of 1934, as amended ("Section 28(e)").

Generally, eligible research and brokerage products and services provided by broker-dealers may include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities and other products and services providing lawful and appropriate assistance to Axial in the performance of its investment decision-making responsibilities. Such research includes both proprietary research (created or developed by the broker-dealer) and research created or developed by a third party. Consistent with Section 28(e), Axial will make a good faith determination that client commissions paid to a broker are reasonable in relation to the value of the products or services provided by such broker.

Also, consistent with Section 28(e), research and brokerage products or services obtained with "soft dollars" generated by one or more Funds may be used by Axial to service one or more other Funds, including Funds that may not have paid for the soft dollar benefits. Axial does not seek to allocate soft dollar benefits to Funds in proportion to the soft dollar credits the Funds generate. Where a product or service provides both Section 28(e)-covered and non-covered assistance to Axial (*i.e.*, a "mixed use" item), Axial will make a reasonable allocation of the cost that may be paid for with soft dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of Axial's allocation of the costs of such benefits and services between those that primarily benefit Axial and those that primarily benefit the Funds.

When Axial uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, Axial receives a benefit because it does not have to produce or pay for such products or services. Axial may consider its receipt of such research or other products or services, as well as other factors, in determining which broker-dealer to select or recommend and therefore may have an incentive to make such selection or recommendation on factors unrelated to clients' interest in receiving most favorable execution.

All proposed soft dollar agreements must be approved by Axial's chief compliance officer. Axial will maintain reasonable documentary evidence to substantiate its soft dollar compliance processes.

At least annually, Axial considers the amount and nature of research and research services provided by broker-dealers, as well as the extent to which such services are relied upon, and attempts to allocate a portion of the brokerage business of its clients on the basis of that consideration. Broker-dealers sometimes suggest a level of business they would like to receive in

return for the various products and services they provide. Actual brokerage business received by any broker-dealer may be more or less than the suggested allocation. In no case will Axial make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer, nor will it commit to pay cash if any informal targets are not met. A broker-dealer is not excluded from receiving business because it has not been identified as providing research products or services.

Additional Brokerage Considerations

From time to time, brokers, including the Investment Manager's prime brokers, may assist the Funds in raising additional funds from investors, and representatives of Axial 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 the Funds would have the opportunity to meet with representatives of Axial. Currently, neither Axial nor the Funds compensate 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. The Funds may accept subscriptions from investors who also provide services to the Funds, including brokers and their affiliates. Relationships such as these could be viewed as creating a conflict of interest that potentially could influence Axial's allocation of brokerage but will not compromise Axial's fulfillment of its duty to seek best execution. While Axial's overall relationship with brokers may influence Axial in deciding whether to use such brokers in connection with brokerage, financing and other activities of the Funds, Axial will not commit to allocate a particular amount of brokerage to a broker in any such situation. Axial will conduct periodic best execution reviews in an effort to identify and mitigate compliance risks associated with brokerage relationships, and to confirm that Axial is obtaining best execution for clients' accounts.

Trade Aggregation and Allocation Policies and Procedures

Axial will generally execute transactions for the Accounts (as defined below) the firm manages on an aggregated basis when Axial believes that to do so will allow it to obtain best execution (and, in some cases, to incur smaller transaction costs than might have otherwise been paid had such orders been placed independently). Instances in which client orders will not be aggregated include, but are not limited to:

- The trader and/or portfolio managers determine that the aggregation is not appropriate because of market conditions;
- Situations where portfolio managers must effect the transactions at different prices, making aggregation unfeasible; and
- A determination by the portfolio managers or trader not to aggregate orders for tax, legal, regulatory or administrative reasons.

When aggregating orders, all Funds will be treated in a fair and equitable manner on an overall basis. Axial will not aggregate orders unless aggregation is consistent with its duty to seek best execution. Each Account that participates in an aggregated order will participate equitably, with transaction costs shared *pro rata* based on each Account's participation in the transaction.

It is the policy of Axial to allocate investment opportunities for the Funds fairly and equitably, to the extent possible, on an overall basis over a period of time. Participation in specific investment

opportunities may be appropriate for one or more Funds or other clients (collectively, "Accounts"). In such cases, the investment opportunities will be allocated among the Accounts in a manner that the Investment Manager determines is fair and equitable under the circumstances to all of its Accounts. While such allocations are typically *pro rata*, they may vary based on, among other things, the investment mandates, objectives, restrictions, strategies, liquidity, position sizes, concentration, risk tolerances, cash flows and other parameters of each Account, as well as any regulatory, tax or structural factors. It may not always be possible or consistent with the investment objectives of the various Accounts for the same investment positions to be taken or liquidated at the same time or at the same price; however, all transactions will be made on a "best execution" basis. Orders may be combined for all Accounts, and, if any order is not filled at the same price, the orders may be allocated on an average price basis. Similarly, if an order on behalf of more than one Account cannot be fully executed under prevailing market conditions (*e.g.*, partial fills), the order may be allocated among the different Accounts on a basis that Axial considers equitable. Axial may give advice and recommend securities to certain Accounts that may differ from advice given to, or securities recommended or bought for, other Accounts. It is possible, for example, that a particular Account may have a long position in (or be a buyer of) a security in which one or more of the other Accounts have a short position (or are sellers).

Cross-Transactions

Subject to applicable laws as well as each Fund's respective investment guidelines and restrictions, Axial may effect cross transactions between the Funds for the purpose of rebalancing the portfolios of such Funds. Such transactions may be effected by direct purchases and sales of securities by/from one Fund from/to another Fund or by purchases and sales of securities on an exchange. Purchase and sale transactions (including swaps) may be effected between the Funds (or any other clients) subject to the following guidelines: (i) such transactions shall be effected for cash consideration at the market price of the particular securities, and (ii) no brokerage commission fee (except for customary transfer fees or commissions paid to a third party broker) or other remuneration shall be paid in connection with any such transaction. When Axial effects these transactions, it is at a predetermined time, generally after the close of the market on the last business day of a month or before the market opens on the first business day, pursuant to a formula that seeks to have each Fund hold substantially similar securities relative to such Fund's respective net asset value. With respect to publicly traded securities, Axial effects these transactions based on the market price and consistent with valuation procedures established by Axial. Neither Axial nor any related party receives any compensation in connection with these rebalancing transactions. Axial may also effect cross-transactions for non-rebalancing purposes, subject to the preceding conditions, if in the best interests of both clients.

Trade Errors

Pursuant to the exculpation and indemnification provisions in the Funds' offering documents, Axial, the General Partner and their respective affiliates and personnel will generally not be liable to the Funds for any error of judgment or for any action or inaction, absent willful misconduct, gross negligence or violations of applicable law, and the Funds will generally be required to indemnify such persons against any losses they may incur by reason of any error of judgment, or any action or inaction, related to the Funds, absent willful misconduct, gross negligence or violations of applicable law. As a result of these provisions, the Funds (and not Axial, the General Partner or their respective affiliates or personnel) will be responsible for any losses

resulting from trade errors and similar human errors, absent gross negligence, willful misconduct or violations of applicable law. Trade errors might include, for example, keystroke errors that occur when entering trades into an order management system or typographical or drafting errors related to derivatives contracts or similar agreements. Gains caused by trade errors (or similar errors) will be credited to the affected Funds, unless such gains are part of a larger transaction in which there were losses that are being covered by Axial, in which case such losses may be netted against such gains.

Item 13 - Review of Accounts

Axial performs various daily, weekly, monthly, quarterly and other periodic reviews of the Funds' portfolios and/or account balances. Reviews of the portfolios are conducted by the portfolio managers; reviews of the account balances are performed by Axial's chief financial officer or his designee.

Investors in the Funds receive a monthly report and a quarterly letter from Axial documenting the performance of the Fund(s) in which they invest. In addition, Axial issues investors audited financial statements at least annually for the Funds in which they invest, generally within 120 days after the end of the period to which the audit relates. Axial also issues investors in the U.S. Funds tax reports with respect to their investments in the relevant Funds.

Item 14 - Client Referrals and Other Compensation

There are no sales charges payable to Axial in connection with the offering of interests and shares in the Funds. Axial does not use placement agents, solicitors or other third parties for client referrals. Axial is not currently a party to any placement agent agreement providing for compensation to be paid to third parties for marketing Fund interests.

Item 15 - Custody

Axial is subject to Rule 206(4)-2 (the "Custody Rule") under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). However, Axial is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund because it complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception." Such exception requires that each Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board; the exception also requires that each Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

Item 16 - Investment Discretion

As noted previously, Axial has full discretionary authority to manage the Funds, including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid. Axial's authority is limited by its own internal policies and procedures and each Fund's offering documents.

Item 17 - Voting Client Securities

Proxy Voting Policies and Procedures

The SEC adopted Rule 206(4)-6 under the Advisers Act, which requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies. In compliance with such rule, Axial has adopted proxy voting policies and procedures (the "Proxy Policies"). The general policy is to vote proxy proposals, amendments, consents or resolutions relating to client securities, including interests in private investment funds, if any (collectively, "proxies"), in a manner that serves the best interests of the Funds, as determined by Axial in its discretion, taking into account the relevant factors, including but not limited to: (i) the impact on the value of the securities; (ii) the anticipated associated costs and benefits; (iii) the effect on liquidity; and (iv) customary industry and business practices. Axial may abstain or affirmatively decide not to vote a proxy where Axial believes it is in the best interest of the Funds, considering such factors as costs and legal restrictions. The Proxy Policies include procedures to identify and address conflicts or potential conflicts that could arise between Axial's own interests and those of the Funds. In the event that a material conflict of interest is found between Axial and the Funds in voting proxies, Axial will follow requirements in the Proxy Policies to ensure the proxy is voted in the best interests of the Funds.

Investors may request a copy of the Proxy Policies and the proxy voting record by contacting Axial at the address or telephone number listed on the first page of this document.

Item 18 - Financial Information

Axial is not required to include a balance sheet because Axial is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients and has not been the subject of a bankruptcy petition at any time during the past ten years.