



FIRM BROCHURE

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This brochure provides information about the qualifications and business practices of Prologue Capital Management, L.P., Prologue Capital LLP and Prologue Capital Inc. (collectively, "Prologue"). If you have any questions about the contents of this brochure, please contact us at: (203) 842-0301, or by email at: info@prologuecapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration with the SEC or a state securities authority does not imply a certain level of skill or training.

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



ITEM 2: MATERIAL CHANGES

This Item is not applicable because Prologue Capital Management, L.P., the filing adviser, Prologue Capital LLP, a relying adviser, and Prologue Capital Inc., a relying adviser, (collectively, "Prologue") are newly registered investment advisers and this brochure is Prologue's initial brochure.

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ITEM 4: ADVISORY BUSINESS

Firm Description and Principal Owners

Prologue Capital Management, L.P. (the “US Investment Manager”) is a Delaware limited partnership with its principal office at 1000 5th Street, Suite 404, Miami Beach, Florida, 33139. The US Investment Manager was formed on September 20, 2010. Prologue Capital Management LLC (“PCM LLC”), a Delaware limited liability company, serves as the General Partner of the US Investment Manager.

Prologue Capital LLP (the “UK Investment Manager”) is a limited liability partnership formed in England with its principal office at 6th Floor North, 20 Balderton Street, Mayfair, London, W1K 6TL, England. The UK Investment Manager was formed on July 20, 2005.

Prologue Capital Inc. (the “US Sub-Adviser”) is a Delaware corporation with its principal office at 12 Havemeyer Place, Greenwich, Connecticut 06830. The US Sub-Adviser was formed on August 18, 2005.

The principal owners of the US Investment Manager and the UK Investment Manager are David Lofthouse and Graham Walsh (the “Principals”). The principal owners of the US Sub-Adviser are the US Investment Manager and PCM LLC (the Principals are also the principal owners of PCM LLC).

Although organized as three separate legal entities, the US Investment Manager, the UK Investment Manager and the US Sub-Adviser (collectively referred to herein as, “Prologue” or the “Prologue Entities”) conduct a single advisory business because, among other things, the Prologue Entities: (i) are subject to a unified compliance program; (ii) advise only private funds maintained on behalf of qualified clients; (iii) use the same or similar names; and (iv) hold themselves out to current and prospective private fund investors as conducting a single advisory business because they, for example, share personnel and resources.

The US Investment Manager, the UK Investment Manager and the US Sub-Adviser are each registered with the U.S. Securities and Exchange Commission (the “SEC”) as investment advisers under the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”). Prologue has filed a single Form ADV with the SEC with the US Investment Manager as the “filing adviser” and the UK Investment Manager and the US Sub-Adviser each as “relying advisers” in reliance on the position of the SEC expressed in the no-action letter issued to the American Bar Association, Business Law Section, dated January 18, 2012. The UK Investment Manager is also authorized and regulated by the Financial Services Authority of the United Kingdom (the “FSA”).

Types of Advisory Services

Prologue currently provides investment advisory services solely to Prologue Fund, L.P., a Cayman Islands limited partnership (the "Master Fund"), Prologue Feeder Fund Ltd., a Cayman Islands exempted company (the "Cayman Islands Feeder Fund"), and Prologue Delaware Feeder Fund, L.P., a Delaware limited partnership (the "Delaware Feeder Fund," together with the Master Fund and the Cayman Feeder Fund, the "Private Fund"). Prologue's affiliate, Prologue G.P. Ltd. (the "Master Fund GP"), serves as the general partner of the Master Fund. Prologue's affiliate, Prologue Capital U.S. General Partner LLC (the "Delaware GP"), serves as the general partner of the Delaware Feeder Fund. The Cayman Feeder Fund and the Delaware Feeder Fund make all of their investments through the Master Fund as part of a master-feeder structure. For a description of the Private Fund's investment strategies see "Methods of Analysis and Investment Strategies" under Item 8.

Tailored Relationships

Investors are advised of Prologue's investment strategy for the Private Fund before they make their investment subscription. Prologue makes all investment decisions on behalf of the Private Fund. Investors in the Private Fund do not participate in the decision of whether or not the Private Fund makes any particular investment. Generally investors in the Private Fund do not have the ability to individually tailor their investment or impose unique investment restrictions, however, in certain circumstances, the Private Fund may create a special class of interests or shares to accommodate a particular investor's or group of investors' unique investment restrictions.

Wrap Fee Programs

Prologue does not participate in any wrap fee programs.

Assets Under Discretionary and Non-Discretionary Management

As of February 1, 2012, Prologue had \$1,468,330,672 in assets under management on a discretionary basis and no assets under management on a non-discretionary basis.

ITEM 5: FEES AND COMPENSATION

Description and Fee Billing

Prologue charges the Private Fund an asset-based management fee and Prologue's affiliate, Prologue G.P. Ltd, as the general partner of the Master Fund (the "Master Fund GP"), receives from the Private Fund a performance-based allocation. Performance-based allocations are charged in compliance with Rule 205-3 of the Advisers Act.

With respect to the Private Fund, Prologue receives a monthly management fee paid in arrears in an amount equal to 0.166% (2.0% annually) of the net asset value of the Private Fund as of the last day of each month. The Master Fund GP also receives a quarterly performance allocation equal to 20% of the net appreciation in the net asset value of the Private Fund, subject to a "loss carry forward" or "high water mark" provision.

Monthly management fees will be pro-rated if Prologue provides management services for less than a full month.

Prologue's standard fees with respect to the Private Fund are set forth above, however, Prologue retains the right to negotiate different fees with an investor in the Private Fund.

Management fees and performance allocations are deducted from the Private Fund's assets.

Other Fees or Expenses

The Private Fund paid or reimbursed Prologue for all legal, accounting and other expenses in connection with the organization of the Private Fund. The Private Fund is also responsible for its ongoing operating expenses, including, but not limited to, legal, accounting and audit expenses.

The Private Fund also incurs custodial, brokerage and other transaction costs. For more information regarding Prologue's brokerage arrangements see Item 12 below.

Participation or Interest in Client Transaction

Neither Prologue nor any of its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described above under Item 5, Prologue (and the Master Fund GP) receives both asset-based management fees and performance-based compensation from the Private Fund. Neither Prologue nor any of its supervised persons manage or receive any type of fees from any other accounts.

ITEM 7: TYPES OF CLIENTS

Prologue provides its services solely to the Private Fund. Investors in the Private Fund may include:

- Individuals, including high net worth individuals
- Trusts, estates or charitable organizations
- Banks or other thrift institutions
- Corporations or other business entities
- Private and public pension and profit sharing plans
- Foundations and endowments
- Funds of funds
- Government or political subdivisions

The minimum investment required to invest in the Private Fund is \$1,000,000, however, Prologue reserves the right to reduce this minimum on a case-by-case basis.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis and Investment Strategies

Prologue intends to invest most of the Private Fund's assets in G7 government fixed income securities, exchange traded futures, and other instruments and derivatives. These products are used primarily to create a

portfolio of relative value, directional, and inflation strategies according to market opportunities. Prologue intends to seek opportunities primarily in nominal and real rates. Additionally, Prologue engages in macro investing on behalf of the Private Fund. Prologue expects that this will both complement the relative value trading when relevant, and will also be a source of investment return.

The Private Fund's investment portfolio typically consists of investments in sovereign, quasi sovereign and agency debt instruments of primarily G7 countries and corresponding exchange and OTC traded derivatives. The Private Fund may also invest in foreign exchange instruments and commodity, equity, or high grade credit instruments.

Key to Prologue's investment process is its in-house macro-economic analysis, including a proprietary framework for the analysis of inflation markets in the US, UK and Eurozone. The in-house research platform in combination with thorough interpretation of market intelligence globally, allows the Prologue team to identify key turning points in the Private Fund's target markets.

Risk of Loss

Exchange Rate Risk. Volatility in international exchange rates between currencies may affect pricing and the profit margin on sales of non-U.S.-Dollar positions held by the Private Fund. This, in turn, could adversely affect the Private Fund's rate of return and/or a Private Fund investor's profit. A portion of the Private Fund's assets will be invested in securities and other investments that are denominated in currencies other than the US Dollar, the Euro, the Great Britain Pound, the Singapore Dollar or the Japanese Yen. Accordingly, the value of a US Dollar, Euro, Great Britain Pound, Singapore Dollar or Japanese Yen investment may be affected favourably or unfavourably by fluctuations in exchange rates, notwithstanding any efforts made to hedge such fluctuations.

The Private Fund will require that payments be made and will make distributions in US Dollars (except to the extent that the Private Fund makes distributions in kind). Consequently, for investors who invest in classes of shares or interests whose subscription currency is not US Dollars, or whose local currency is not US Dollars, an investment in the Private Fund involves a significant exchange rate risk. The Private Fund could recognize substantial profits but the real value of a Private Fund investor's investment could decline due to a decrease in the value of US Dollars relative to such investor's local currency or the subscription currency of the investment class of shares or interests.

Euro Risk. The Eurozone is currently experiencing a debt crisis. There is the risk that this debt crisis may result in: (i) certain members of the Eurozone ceasing to use the Euro as their lawful currency and the reintroduction by such members of the Eurozone of new currencies; (ii) the dissolution of the Eurozone altogether; and/or (iii) the cessation of the Euro as a lawful currency. The collapse of the Eurozone and the Euro would negatively impact world markets, possibly resulting in defaults in the bond markets and overall instability. Market perceptions concerning the instability of the Euro, the potential reintroduction of individual currencies within the Eurozone, and/or the potential dissolution of the Euro entirely, could adversely affect the value of the Private Fund generally and in particular the classes of the Private Fund's shares and interests that are denominated in the Euro. In addition, uncertainty relating to the status of the Euro may make it difficult and/or more expensive, or even impossible, for the Fund to hedge against the Euro, which it has done historically with respect to such classes of shares and interests.

Short Sales. The Private Fund may engage in short sales by selling securities that it does not own at the time of sale. By doing so, the Private Fund becomes obligated to purchase and deliver securities against the short position. In the event that the price of a security increases between the short sale and the Private Fund's subsequent purchase of that security, the Private Fund will suffer a loss on that transaction and the value of the investments will decrease accordingly. In theory, short sales involve the possibility of unlimited loss. There can be no assurance that the Private Fund will not suffer losses on short sales. In connection with short sales, the Private Fund will have to deliver cash or United States Treasury securities or other securities to brokers to assure delivery of securities against short positions. The Private Fund may be able to keep only a negotiated percentage of the yield of such United States Treasury or other securities.

The availability of securities to borrow to execute a short can change quite dramatically and quickly. This presents a risk not faced with long positions. Moves by securities regulators all over the world to ban or limit short selling can create a new dimension of the risk. Dramatic changes in the availability of borrowed securities for shorting is an event not typically addressable through fundamental security analysis. Short squeezes or short covering rallies can be quite detrimental to overall profits. Avoiding hard-to-borrow securities is a basic risk management discipline. Easy-to-borrow securities can become hard-to-borrow quickly.

Futures. The Private Fund may invest and trade in futures. A futures contract is an agreement between two parties which obligates the purchaser of a futures contract to buy and the seller of a futures contract to sell a security or basket of securities or other instruments for a set price on a

future date. The risk of loss in trading futures can be substantial. If the Private Fund purchases a future it may sustain a total loss of the initial margin funds and any additional funds deposited with a broker to establish and maintain its position in the future. If the market moves against the Private Fund's position, the Private Fund may be required to deposit a substantial amount of additional margin funds in order to maintain its position. The placement of contingent or stop orders by the Private Fund will not necessarily limit its losses to the intended amounts, as market conditions may make it impossible for such orders to be executed. There can be no assurance that, at all times, a liquid market will exist for offsetting a futures contract that the Private Fund has bought or sold. This could be the case if, for example, a futures price has increased or decreased by the maximum allowable daily limit and there is no one presently willing to buy the futures contract the Private Fund wants to sell or sell the futures contract the Private Fund wants to buy. The high degree of leverage that can be used in trading futures can lead to large losses.

Trading in Forward Contracts to Hedge Currency Risk. The Private Fund may, but is not obligated to, elect to hedge its exposure to fluctuations in the United States Dollar, the Euro, the Great Britain Pound, the Singapore Dollar or the Japanese Yen relative to foreign currencies by entering into forward contracts with respect to such currencies. A forward contract is similar to a futures contract but unlike a futures contract the terms of a forward contract are not standardized nor are forward contracts traded on exchanges designated by the United States or any European government. Forward contracts are subject to the credit risk of the counterparty or its refusal to perform and the imposition of exchange controls. Forward contracts are not guaranteed by an exchange or a clearing house and the failure of a principal with whom a forward contract is made would likely result in a default. It may be difficult to enforce the contractual obligations of a principal outside of the United States or United Kingdom in the event that a principal refuses to perform under a forward contract. The Commodity Futures Trading Commission does not regulate foreign currency forward contract trading.

Options. The Private Fund may engage in options trading. Stock or index options that may be purchased or sold by the Private Fund include options not traded on a securities exchange. Options not traded on an exchange carry a risk of nonperformance by the obligor and the ease with which the Private Fund can dispose of such an option may be less than in the case of an exchange traded option. The trading of options is highly speculative and may entail risks that are greater than those present when investing in other securities. Prices of options are generally more volatile than prices of other securities. To the extent that the Private Fund purchases options that it does not sell or exercise, it will suffer the loss of the premium paid in such purchase. To the extent that the Private Fund sells options and must deliver

the underlying securities at the option price, the Private Fund has a theoretically unlimited risk of loss if the price of such underlying securities increases. To the extent that the Private Fund must buy the underlying securities, it risks the loss of the difference between the market price of the underlying securities and the option price. Any gain or loss derived from the sale or exercise of an option will be reduced or increased, respectively, by the amount of the premium paid. The expenses of option investing include commissions payable on the purchase and on the exercise or sale of an option. Special risks are associated with the use of options. A decision as to whether, when and how to use options involves the exercise of skill and judgment which are different from those needed to select securities, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior, currency fluctuations or interest rate trends. The potential loss incurred by the Private Fund in writing uncovered options is unlimited. When options are used as a hedging technique, there can be no guarantee of a correlation between price movements in the option and in the portfolio securities being hedged. A lack of correlation could result in a loss on both the hedged securities and the hedging transaction, so that the Private Fund's return might have been better had hedging not been attempted.

Counterparty and Custody Risk. The Private Fund may purchase and sell derivative instruments such as swaps in "over-the-counter" or "interdealer" markets. The participants in these markets may not be subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. Either case exposes the Private Fund to the risk that a counterparty will not settle a transaction in accordance with contractual obligations whether due to insolvency, bankruptcy or other causes. Moreover, disputes over the terms of a derivatives contract (whether or not bona fide) may cause settlement delays. These factors may cause the Private Fund to suffer a loss due to adverse market movements while replacement transactions are executed or otherwise. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Private Fund has concentrated its transactions with a single or small group of counterparties.

Sovereign Risk. Interference by a government with international transactions in its currency or the debt obligations of itself or its nationals through various means, including, without limitation, regulation of the local exchange market, restrictions on foreign investment by residents, limits on flows of investment funds from abroad and debt moratoria, may expose the Private Fund to unanticipated losses.

Fundamentals of Fixed Income Investing. Issuers of fixed income securities have a contractual obligation to pay interest at a specified rate ("coupon

rate”) on specified dates and to repay principal (“face value” or “par value”) on a specified maturity date. Certain bonds (usually intermediate- and long-term bonds) have provisions that allow the issuer to redeem or “call” a bond before its maturity. Issuers are most likely to call such bonds during periods of falling interest rates. As a result, the Private Fund may be required to invest the unanticipated proceeds of the called security at lower interest rates, which may cause the Private Fund income to decline.

Municipal Bonds. Municipal bonds are debt obligations issued by or on behalf of states, territories, and possessions of the United States and the District of Columbia and their political subdivisions, agencies, and instrumentalities. Municipal bonds generally include debt obligations issued to obtain funds for various public purposes. Certain types of municipal bonds are issued in whole or in part to obtain funding for privately operated facilities or projects. Municipal bonds are generally classified as general obligation bonds, revenue bonds, industrial development bonds, notes, and municipal lease obligations.

General obligation bonds are secured by the issuer's pledge of its full faith, credit, and taxing power for the payment of interest and principal. Revenue bonds are payable only from the revenues derived from a project or facility or from the proceeds of a specified revenue source. Industrial development bonds are generally revenue bonds secured by payments from and the credit of private users. Municipal notes are issued to meet the short-term funding requirements of state, regional, and local governments. Municipal notes include tax anticipation notes, bond anticipation notes, revenue anticipation notes, tax and revenue anticipation notes, construction loan notes, short-term discount notes, tax-exempt commercial paper, demand notes, and similar instruments.

The Private Fund's investments in municipal bonds may include mortgage-backed municipal bonds, which are a type of municipal security issued by a state, authority, or municipality to provide financing for residential housing mortgages to target groups, generally low-income individuals who are first-time home buyers. The Private Fund's interest, evidenced by such bonds, is an undivided interest in a pool of mortgages. Payments made on the underlying mortgages and passed through to the Private Fund will represent both regularly scheduled principal and interest payments. The Private Fund may also receive additional principal payments representing prepayments of the underlying mortgages. It is anticipated that prepayment of the underlying mortgages will accelerate in periods of declining interest rates. In the event that the Private Fund receives principal prepayments in a declining interest rate environment, its reinvestment of such funds may be in bonds with a lower yield. In addition, a certain level of prepayments can be expected, regardless of the interest rate environment.

Agency Mortgage Backed Securities. The value of mortgage backed securities, including agency mortgage back securities, may be particularly sensitive to changes in prevailing interest rates. Early repayment of principal on some mortgage-related securities expose the Private Fund to a lower rate of return upon reinvestment of principal. When interest rates rise, the value of a mortgage-related security generally will decline; however, when rates are declining, the value of mortgage-related securities with prepayment features may not increase as much as other fixed income securities. The rate of prepayments on underlying mortgages will affect the price and volatility of a mortgage-related security. The value of these securities may fluctuate in response to the market's perception of the creditworthiness of the issuers. Additionally, although mortgages and mortgage-related securities are generally supported by some form of government or private guarantee and/or insurance, there is no assurance that private guarantors or insurers will meet their obligations.

Many of the risks of investing in mortgage backed securities reflect the risks of investing in the real estate securing the underlying mortgage loans. These risks reflect the effects of local and other economic conditions on real estate markets, including the ability of owners to make loan payments. The value of mortgage backed securities may also change due to shifts in the market's perception of issuers and regulatory or tax changes adversely affecting the mortgage securities market as a whole.

Price Volatility. The market value of debt obligations, including sovereign government bonds, is affected by changes in prevailing interest rates. The market value of a debt obligation generally reacts inversely to interest-rate changes, meaning, when prevailing interest rates decline, a bond's price usually rises, and when prevailing interest rates rise, a bond's price usually declines. A portfolio, such as that of the Private Fund, consisting primarily of debt obligations, may react similarly to changes in interest rates.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Private Fund. Prospective investors should read the Private Fund's offering documents and consult with their own legal, tax and financial advisers before deciding to invest in the Private Fund.

ITEM 9: DISCIPLINARY INFORMATION

Prologue has no legal or disciplinary events to report.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Broker-Dealer Registration

Prologue does not have a registration or an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Futures, Commodity Pool Operator, Commodity Trading Advisor

Prologue does not have a registration or 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.

Related Person Arrangements

Neither Prologue nor any of its management persons have any relationship or arrangement with a related person that is material to Prologue's advisory business or to its clients that it has not otherwise disclosed.

Arrangements with Other Investment Advisers

Prologue does not recommend or select other investment advisers for its clients nor does it have any other business relationships with any other advisers that create a material conflict of interest.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

Prologue has adopted a Code of Ethics (the "Code") in accordance with Rule 204A-1 of the Advisers Act. A copy of the Code is available to clients and prospective clients upon request without charge. The purpose of the Code is to set forth certain key guidelines that have been adopted by Prologue as office policy for the guidance of all personnel and to specify the responsibility of all employees of Prologue to act in accordance with their fiduciary duty to Prologue's clients and to comply with applicable federal and state laws and regulations. The Code requires that all employees conduct themselves in accordance with high ethical standards, which should be premised on the concepts of integrity, honesty and trust, and in full compliance with all applicable federal and state laws and regulations concerning the securities

industry.

Copies of the Code will be made available to any investor in the Private Fund upon request. Inquiries should be directed to info@prologuecapital.com.

The following is a summary of certain provisions of the Code:

Confidential Information. As an investment adviser, Prologue has a fiduciary duty to its clients not to divulge or misuse information obtained in connection with its services as an adviser. Therefore, all information, whether of a personal or business nature, that an employee obtains about a client's affairs in the course of employment with Prologue should be treated as confidential and used only to provide services to or otherwise for the benefit of the client. Such information may sometimes include information about non-clients, and that information should likewise be held in confidence. Even the fact that Prologue advises a particular client should ordinarily be treated as confidential.

The Code sets forth steps employees should take to help preserve confidential information including the following: avoiding inadvertent or accidental disclosure through careless conversation or describing details of a current or proposed trade, investment or transaction in a public place; employing physical safeguards, such as locking file cabinets and using password protected computer files or disks; and careful use of email.

A copy of Prologue's privacy policy is distributed to investors in the Private Fund on an annual basis.

Material Non-Public Information. All employees of Prologue (in any capacity) and all persons - friends, relatives, business associates and others - who receive material nonpublic information concerning an issuer of securities (whether such issuer is a client or not) are subject to these rules. Generally speaking, material non-public information is material information about an issuer's business or operations (past, present or prospective) that becomes known to an employee and which is not otherwise available to the public.

Although the exact meaning of "material" is unclear, if a person knows information about an issuer which the person believes would influence an investor in any investment decision concerning that issuer's securities and which has not been disclosed to the public, the person should not buy or sell that issuer's securities. The Code sets forth an extensive list of examples of types of information which are likely to constitute material non-public information. The Code also explicitly forbids disclosing material non-public information to another person ("tipping") who subsequently uses that information for his or her profit.

All personnel receiving material, non-public information have the same duty not to disclose or use information about persons or issuers who are not clients of Prologue in connection with securities transactions as they have with respect to client securities. In other words, employees may not purchase or sell any securities with respect to which they have material non-public information for their own, Prologue's or for a client's account or cause clients to trade on such information until such information becomes public. The foregoing prohibition applies whether or not the material non-public information is the basis for the trade. Whenever employees come into possession of what they believe may be material non-public information about an issuer, they must immediately notify Prologue's Chief Compliance Officer. The Chief Compliance Officer shall maintain a list of all issuers about which Prologue has material non-public information and shall circulate such list to the appropriate personnel at Prologue so as to prevent any trading in securities of such issuers.

Fiduciary Duty and Conflicts of Interest. Prologue and its employees have a fiduciary duty to Prologue's clients to act for the benefit of the clients and to take action on the clients' behalf before taking action in the interest of any employee or Prologue. Prologue and its employees must act for the clients' benefit and treat the clients fairly. The manner in which any employee discharges its fiduciary duty and addresses a conflict of interest depends on the circumstances. Sometimes general disclosure of common conflicts of interest may suffice. In other circumstances, explicit consent of the client to the particular transaction giving rise to a conflict of interest may be required or an employee may be prohibited from engaging in the transaction regardless of whether the client consents. The duty to disclose and obtain a client's consent to a conflict of interest must always be undertaken in a manner consistent with the employee's duty to deal fairly with the client. Therefore, even when taking action with a client's consent, each employee must always seek to ensure that the action taken is fair to the client.

The Code sets forth several common examples of situations in which conflicts of interest may arise, including selection of broker-dealers, receipt of gifts, and service as a director of a public company, as well as the ways in which such conflicts may be avoided.

Scalping or Front-Running. Subject to Prologue's personal trading policy (as further described below), if any employee knows of a pending "buy" recommendation or is aware of a pending "sell" recommendation, then that employee may not engage in the practice of purchasing or selling such security. Such activities may put Prologue and its employees in a conflict of interest and give the employee an advantage at the client's expense. Any trades undertaken for an employee's own account, for the account of the Company, for the account of any non-Company client or for another related

person must be done so as not to disadvantage a Prologue client in any way.

Dealing with Clients as Agent and Principal. In accordance with Section 206(3) of the Advisers Act, the Code requires that employees involved in situations where Prologue is buying or selling securities from a client or where Prologue acts as a broker-dealer for a non-client in a transaction with an advisory client disclose to the client in writing the capacity in which Prologue acts, its profits (if it acts as principal) and its commissions (if it acts as agent for another) and obtain the client's consent. Prologue generally does not participate in these types of transactions, but any such transaction must not be entered into without prior consultation with Prologue's Chief Compliance Officer.

Personal Trading. Employees are allowed to buy and sell securities for their own accounts. All personal trading must be undertaken in accordance with Prologue's personal account trading policy. Given the nature of the transactions and markets that Prologue operates in, pre-clearance of securities transactions is not generally required (except for the acquisition of any security in an initial public offering or in a limited offering). However, if an employee has reason to believe that a personal trade may prejudice the interests of Prologue or any client, pre-clearance should be obtained. Such pre-clearance is also required where personnel may not be the legal holder, but they have discretion over the transactions either by close association (e.g. spouse or children) or legal arrangement (e.g. Trust). If personnel are in any doubt whatsoever over the status of a transaction they are required to consult and if necessary pre-clear the trade with Prologue's Chief Compliance Officer. After entering into a personal account transaction an employee must provide the Chief Compliance Officer with full details about the transaction immediately after the transaction has been effected by providing a copy of the trade confirmation (or contract note) after execution of the trade.

In addition to the transaction reporting described above, within ten days of starting employment with Prologue, each employee must submit an initial holdings report disclosing to the Chief Compliance Officer the identities, amounts, and locations of all securities owned in all accounts in which he or she has a "beneficial ownership interest." Each employee must also report to the Chief Compliance Officer within 30 days after the end of each calendar quarter all securities transactions in all of the employee's covered accounts during the preceding quarter. In addition, each employee must disclose similar information within thirty (30) days after the end of each calendar year while employed by Prologue. Such reports must be current as of a date not more than 45 days prior to the employee joining the company (for an initial report) or the date the report is submitted (for the annual report).

Possible Conflicts of Interest

Prologue currently provides advisory services solely to the Private Fund. As noted above under “Fiduciary Duties and Conflicts of Interest”, Prologue and its employees have a fiduciary duty to Prologue’s clients to act for the benefit of the clients and to take action on the clients’ behalf before taking action in the interest of any employee or Prologue. Prologue will use its best efforts in connection with the purposes and objectives of the Private Fund and will devote so much of its time and effort to the affairs of the Private Fund as may, in its judgment, be necessary to accomplish the purposes of the Private Fund.

Prologue (and its Principals and affiliates) may conduct any other business, including any business within the securities industry, whether or not such business is in competition with a Private Fund. Without limiting the generality of the foregoing, Prologue (and its Principals and affiliates) may act as investment adviser or investment manager for others, may manage funds or capital for others, may have, make and maintain investments in its own name or through other entities and may serve as an officer, director, consultant, partner or stockholder of one or more investment funds, partnerships, securities firms or advisory firms. It may not always be possible or consistent with the investment objectives of the various persons or entities described above and of the Private Fund for the same investment positions to be taken or liquidated at the same time or at the same price.

Participation or Interest in Client Transactions and Personal Trading

Prologue does not solicit clients to invest in funds (such as the Private Fund) in which Prologue or a related person acts as general partner or investment manager.

ITEM 12: BROKERAGE PRACTICES

Selecting Brokerage Firms

Prologue assumes general supervision over placement of securities orders for the client portfolios it manages. Pursuant to an investment management agreement with the Private Fund, the US Investment Manager and the UK Investment Manager have the authority to determine the broker-dealer to be used in any securities transaction and the commission rate to be paid. While the primary criterion for all transactions in portfolio securities is the execution of orders at the most favorable net price, numerous additional factors are considered by Prologue when arranging for the purchase and sale

of clients' portfolio securities. These include restrictions imposed by the federal securities laws and the allocation of brokerage in return for certain services and materials described below. In determining the abilities of the broker-dealer to obtain best execution of a particular transaction, Prologue will consider all relevant factors including the execution capabilities required by the transaction, the ability and willingness of the broker-dealer to facilitate the account's portfolio transactions promptly and at reasonable expense, the importance to the account of speed, efficiency or confidentiality and the broker-dealer's apparent familiarity with sources from or to whom particular securities might be purchased or sold, as well as any other matters Prologue deems relevant to the selection of a broker-dealer for a particular portfolio transaction of the account.

Research and Other Soft Dollar Benefits

Prologue may use broker-provided products and services that assist it in carrying out its investment decision-making responsibilities. Such services may include, but are not limited to: (i) written information and analyses concerning specific securities, companies or sectors; (ii) market, financial and economic studies and forecasts, as well as discussions with research personnel; (iii) certain financial and industry publications; and (iv) statistical and pricing services utilized in the investment management process. Prologue intends to comply with Section 28(e) of the Securities Exchange Act of 1934, as amended, in connection with its use of soft dollars. In addition, where the UK Investment Manager enters into arrangements relating to the execution of transactions on behalf of the Private Fund whereby it receives goods and services related to the execution of trades or the provision of research, under current FSA requirements it must have reasonable grounds for being satisfied that such goods and services are related to the execution of trades on behalf of its customers, or comprise the provision of research, will reasonably assist it in the provision of its services, and are not likely to impair compliance with its duty to act in the best interests of its customers.

When Prologue uses client brokerage commissions, mark-ups or markdowns to obtain research or other products or services, Prologue will receive a benefit because it will not have to produce or pay for the research, products or services that are provided. Prologue may have an incentive to select a broker-dealer based on its interest in receiving the research or other products or services, rather than on clients' interest in receiving most favorable execution.

All research services received from broker-dealers to whom commissions are paid are used collectively. There is no direct relationship between commissions received by a broker-dealer from a particular client's transactions and the use of any or all of that broker-dealer's research material in relation to that client's account. Prologue may pay a broker-

dealer a brokerage commission in excess of that which another broker-dealer might have charged for the same transaction in recognition of research and brokerage related services provided by the broker-dealer.

On a semi-annual basis, the Chief Compliance Officer shall review the list of brokers with whom Prologue does business, the commissions paid to such brokers and the soft dollar products and services provided by such brokers to Prologue and assess whether Prologue is achieving best execution and is complying with its brokerage policy.

Prologue was not involved in any soft dollar arrangements during its last fiscal year.

Brokerage for Client Referrals

Prologue does not consider whether it receives client referrals from a broker in selecting broker-dealers.

Directed Brokerage

Prologue does not recommend, request or require that a client direct Prologue to execute transactions through a specified broker-dealer.

Aggregation of Client Accounts

The Private Fund is the only client on whose behalf Prologue engages in trading, and thus Prologue does not aggregate orders for client accounts. Prologue may, however, aggregate orders for the purchase or sale of securities on behalf of the Private Fund with orders on behalf of other related party accounts (proprietary accounts of Prologue, accounts owned beneficially by any employee or a family member of such employee, or pooled investments in which any of these participates). Securities purchased or proceeds of securities sold through aggregated orders are allocated to the account of each portfolio that bought or sold such securities at the average execution price. If less than the total of the aggregated orders is executed, related party accounts owned entirely by Prologue, by employees or by such employees' family members will have their allocation reduced to zero before any reductions are made in the allocation to the Private Fund. Transaction costs for any transaction are shared pro rata based on each portfolio's participation in the transaction. Any such trade aggregation shall also be conducted in compliance with applicable FSA rules.

ITEM 13: REVIEW OF ACCOUNTS

Periodic Reviews

Prologue manages only the Private Fund. All investors in the Private Fund share the same investment objective as it relates to the Private Fund. The Principals review the Private Fund's exposures and trading activity on an intra-day basis.

Review Triggers

As described above, Prologue reviews the Private Fund on a regular basis and thus this item is not applicable.

Regular Reports

Investors in the Private Fund receive (i) estimated unaudited reports of the performance of the Private Fund on a weekly basis directly from Prologue, (ii) unaudited reports of the performance of the Private Fund on a monthly basis from the Private Fund's third party administrator, and (iii) audited year-end financial statements within 120 days of the Private Fund's fiscal year end. Investors also receive periodic updates from Prologue with information about the Private Fund's portfolio and the market generally, including a monthly newsletter giving an overview of the Private Fund's performance and future outlook and a quarterly investor letter which is an in-depth insight into the thinking of Prologue with respect to the Private Fund and Prologue's outlook on the global economy and risks. All such reports are written. Prologue also hosts a monthly investor conference call with Prologue's CEO, CRO and Chief Economist which reviews the performance of the fund, economic outlook and risk reviews.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Client Referrals

Prologue has entered into agreements with certain third party marketers to introduce Prologue to qualified potential investors for the Private Fund in various markets and geographies. Under these agreements, each third party marketer's compensation is structured either as a portion of the management fees payable to Prologue by the applicable referred investors or the net asset value of the applicable referred investors' investment in the Private Fund. Such compensation is paid for the period set forth in the applicable agreement, so long as the applicable referred investors remain invested in the Private Fund for the duration of such period. The acceptance of any

referred investor to the Private Fund is subject in each case to such referred investor being approved by Prologue, in its discretion, and meeting applicable regulatory criteria for investing in the Private Fund.

Other Compensation

Prologue does not have any arrangements under which it receives any economic benefit, including sales awards or prizes.

ITEM 15: CUSTODY

JP Morgan Clearing Corp. and Barclays Capital Securities Limited serve as prime brokers and custodians for the Private Fund. The Private Fund has engaged a fund administrator whose responsibilities include sending account statements to the Private Fund investors. Since the Private Fund is a commingled account, the investors do not receive prime brokerage or custodial statements. However, the Private Fund's administrator reconciles the Private Fund's accounting records with the records of the prime brokers and custodians. As described above under Item 13, investors in the Private Fund receive monthly unaudited reports from the Private Fund's third party administrator. In addition, investors in the Private Fund will also receive audited year-end financial statements.

ITEM 16: INVESTMENT DISCRETION

Prologue has complete discretionary authority over the purchase and sale decisions for the Private Fund. Prologue has discretionary authority with respect to the Private Fund under the investment management agreement between the Private Fund, the US Investment Manager and the UK Investment Manager.

ITEM 17: VOTING CLIENT SECURITIES

Prologue has adopted a written proxy voting policy and related procedures which are intended to assure that client securities are voted in the best interests of the client, and which address material conflicts of interest that may arise between Prologue and its clients. Prologue's proxy policy is to carefully review and vote every proxy received. Prologue reviews each situation and votes in the way that will be most beneficial to Prologue's clients. Because the Private Fund invests primarily in bonds and other fixed-

income (non-equity) securities, it is unusual that the Private Fund has the opportunity to vote on a matter. Generally, Prologue will not allow investors in the Private Fund to direct Prologue's vote in a particular situation. If Prologue believes that it has a material conflict of interest with respect to any proxy vote, it will refrain from voting or will vote the proxy in the best interests of the Private Fund. Any investor in the Private Fund may request to see how proxies were voted for the Private Fund's account and such information will be made available to them upon request. Inquiries should be directed to info@prologuecapital.com.

ITEM 18: FINANCIAL INFORMATION

Prologue does not solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Please refer to Prologue's fee disclosure at Item 5 of this brochure. There is no financial condition affecting Prologue that is reasonably likely to impair Prologue's ability to meet contractual commitments to clients.

ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS

This item is not required as Prologue is a federally registered investment adviser.
