

## **ITEM 1: COVER PAGE**

Amida Capital Management II, LLC (“Amida”)

Form ADV, Part 2A  
(“Brochure”)

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This Brochure provides information about the qualifications and business practices of Amida Capital Management II, LLC. If you have any questions about the contents of this brochure, please contact us at 212-981-3300. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Amida Capital Management II, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The firm may refer to itself as a “registered investment adviser” or “RIA”. You should be aware that registration with the SEC or a state securities authority does not imply a certain level of skill or training.

## **ITEM 2: MATERIAL CHANGES**

Not applicable

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## **ITEM 4: ADVISORY BUSINESS**

Amida was founded in 2006 by David Rich. Its principal (25%) owners are as follows: David Rich, Chief Investment Officer.

Amida provides discretionary investment advisory services through a “master-feeder” structure with a domestic “feeder” (the “U.S. Fund”) and an offshore “feeder” (the “Offshore Fund”), each of which, depending upon the desired strategy, invests through separate share classes in the offshore “master fund” (the “Master Fund,” and together with the U.S. Fund, the Offshore Fund and any additional investment vehicle or account that Amida or its affiliates may manage in the future, the “Accounts”). In addition, a separate class of the Master Fund was created for a direct investment by one investor. Amida does not currently manage any Accounts other than the U.S. Fund, the Offshore Fund or the Master Fund but may in the future establish one or more separately managed accounts for clients. Amida’s U.S. Fund is organized as a Delaware limited partnership, with an affiliate of Amida that is wholly-owned by Amida’s principals, serving as the U.S. Fund’s and the Master Fund’s general partner (the “GP”). The Offshore Feeder is organized as a Cayman Islands exempted company and the Master Fund is organized as a Cayman Islands exempted limited partnership. The U.S. Fund and the Offshore Fund are managed in accordance with the investment objectives, strategies and guidelines and the terms and conditions of investment, set out in their respective private placement memoranda (each, a “PPM”) and their organizational, governing and other related documents (collectively, the “Governing Documents”).

In addition to the aforementioned Master Fund, investors in the U.S. Fund and the Offshore Fund previously had the option of investing in a separate master fund (the “Liquidating Master Fund”) with different investment objectives, strategies and guidelines, fees, and terms and conditions of investment from the Master Fund. However, the Liquidating Master Fund is currently redeeming all of its investors and is in the process of winding up, which Amida anticipates will happen at the end of the first fiscal quarter of 2012. As such, the terms described herein refer exclusively to investment in the Master Fund. With the winding up of the Liquidating Master Fund, the U.S. Fund and the Offshore Fund generally invest entirely in the Master Fund, and thus, Amida currently advises just one Account (the Master Fund) that will engage in transactions in the marketplace. Nevertheless, some of the discussion in this Brochure is a description of the policies that Amida will employ when it has two or more Accounts that engage in transactions in the marketplace.

Amida provides advice to the Accounts with respect to trading and investing, both long and short, in a broad range of equity and credit products. Services provided to the Accounts by the GP and/or Amida or its personnel or affiliates, also may include, in addition to advice regarding investments, organizing and managing the Accounts’ business affairs, executing and reconciling trades, preparing financial statements, providing audit support, preparing tax-related schedules and documents and sales support and investor relations services.

For further details, see Item 8 below.

The Accounts are not tailored to the individualized investment needs of any particular investor in the Accounts (each, an “Investor”), though Accounts may take into consideration the general characteristics (e.g., tax status) of its target investors. An investment in an Account does not, in and of itself, create a client-adviser relationship between any Investor and Amida. Amida typically does not enter into separate advisory arrangements with Investors. A prospective investor must consider whether an Account is an appropriate investment, including with respect to such investor’s investment objectives and risk tolerance.

As of February 1, 2012, Amida had discretionary assets under management of \$112.7 million (not including the assets of the Liquidating Master Fund).

## **ITEM 5: FEES AND COMPENSATION**

Pursuant to the Governing Documents, Amida is generally entitled to receive an asset-based management fee payable monthly in advance, and incentive allocations are paid to the GP, generally on an annual basis. Management fees and incentive allocations are generally calculated and charged separately, in accordance with such adjustments and pursuant to such process set forth in the Governing Documents. Such fees were determined at the organization of each Account.

Management fees and incentive allocations assessed against the Accounts vary by class, and typically range from 1.0% to 1.5% annually of the net asset value of each Investor's capital account(s) or shares in the U.S. Fund or the Offshore Fund, as applicable. Amida and the GP will not be subject to management fees with respect to their own investment in an Account.

Investors in the U.S. Fund and the Offshore Fund are generally assessed an incentive allocation, on December 31st of every year, equal to 15%, based on the net capital appreciation in such Investor's capital account(s) or shares, as applicable, subject to a "high water mark," as described in the Governing Documents. Incentive allocations will also be assessed as of the end of other accounting periods in accordance with the Governing Documents, including upon withdrawal of capital by an Investor or liquidation of a fund, if such withdrawal or liquidation occurs on a date other than the standard assessment date. Amida and the GP will not be subject to incentive allocations with respect to their own investment in an Account.

Management Fees are automatically deducted on a monthly and incentive allocations are automatically deducted at the end of each applicable accounting period, as outlined above. The method of payment is determined by Amida and is generally not negotiable.

In addition to the above, there were previously several classes of shares in the U.S. Fund and the Offshore Fund with different fees from those discussed above. These classes invested in the Liquidating Master Fund. However, given the winding up of the Liquidating Master Fund, as discussed in Item 4, these fees are not discussed in this Item 5.

The particular fees applicable to the Accounts are included in the summaries above (and, in more detail, in the Governing Documents); however, Investors should be aware that fees may change over time and that different fee schedules may apply if Amida adopts new investment strategies, establishes additional funds or accepts clients other than the current Accounts. Additionally, specific fee arrangements applicable to any Investor are subject to negotiation and Amida or the GP may waive or reduce management fees or incentive allocations, in their discretion, based on the nature of the strategy and services to be provided by Amida, total market value invested with Amida, regulatory and reporting requirements, requested customization, and any other relevant factor, including employment or familial relationships with Amida. Thus, different Investors in the same Account may pay different fees based on, among other things, waivers and investment dates. In particular, Amida and the GP expect to waive or reduce management fees and incentive allocations for Investors who are employees or affiliates of Amida. Except as otherwise agreed, Amida is not obligated to waive or reduce fees for any other Investor when offering such waivers or reductions to a particular Investor.

See Item 6 for discussion of potential conflicts of interest associated with compensation of Amida.

The Accounts pay all costs in connection with trading and investment activities at rates negotiated by Amida and/or the GP. Except as otherwise agreed or set forth in the Governing Documents, such costs include, but are not limited to, brokerage commissions, execution and clearing expenses, interest expense, stock borrowing fees, research and market data expenses, investment-related travel expenses, certain risk management and research software and other related products and pricing feeds as well as order management and portfolio management systems and software, taxes, duties and other governmental charges, transfer fees, costs and charges associated with making deposits in connection with foreign exchange transactions, registration fees and other expenses and charges associated with the purchase, holding or sale of assets. Brokerage commissions, margin interest, non-U.S. exchange transaction fees,

and other transaction costs and fees are subject to change from time to time as mutually agreed between Amida and/or the GP and the applicable broker or dealer. In addition, interest expense varies depending on the amount of leverage utilized.

For further details on Amida's brokerage practices, see Item 12.

The Accounts bear all ordinary organizational and offering expenses, including any costs associated with any changes in the organizational structure of the Accounts and any restructuring of the Accounts, as well as updating the offering documents of the Accounts in connection with their continuous offering.

The Accounts are also responsible for all administrative and operating expenses, including expenses for services provided by third parties. The Accounts typically pay such operating expenses, separate and apart from management fees, or otherwise reimburse the GP, Amida or such personnel or affiliates, for these and other services. Such expenses include ordinary and recurring filing fees, administrative expenses, including fees payable to the Account's administrator and valuation service provider, legal expenses, external accounting expenses, insurance premiums, audit and tax preparation expenses, corporate licensing, custodial fees and other expenses associated with the operation of the Accounts. Such services, and any expenses or reimbursements related thereto, will generally be provided in accordance with the Governing Documents. The U.S. Fund and the Offshore Fund bear the expenses of the Master Fund on a *pro rata* basis.

The Accounts will also bear all expenses incurred in connection with independent appraisers or other experts engaged by the Accounts in connection with specific investment opportunities being evaluated on behalf of the Accounts. In addition, Amida may allocate certain of Amida's operational expenses to the Accounts on a *pro rata* basis, though in no event will such amount exceed 10 basis points each month of that month's ending net asset value.

The Accounts may impose fees or charges upon contributions or withdrawals in certain circumstances to cover the costs of investing or redeeming the relevant funds. These charges, if applicable, apply only to withdrawals made within one year of the investment of the relevant funds. Such charges are based upon a prorated management fee and typically will not exceed the annual management fee of the applicable class of the amount being contributed or withdrawn, are payable to and for the benefit of the Account and do not inure directly to the benefit of Amida or the GP (although such charges may have an effect on the size and value of the Account which, in turn, affects Amida's management fee and the GP's incentive allocations). Amida or the GP may waive, modify or reduce such fees, in its discretion, on an investor-by-investor basis without any obligation to notify or make any fee concession available to any other Investor.

While each Account is generally expected to be fully invested, an Account may hold cash positions for investment, defensive, hedging or collateral purposes or as a result of contributions or in anticipation of withdrawals or redemptions. In the event that Amida believes in its sole judgment that there is not sufficiently good value in securities suitable for investment in accordance with the relevant strategy, all or a substantial percentage of an Account's capital may be held in cash, cash equivalents or other short-term instruments including, without limitation, money market funds. When money market funds are used for cash management purposes, Investors in an Account, in effect, pay two advisory fees with respect to the portion of the Account invested in such money market funds (e.g., the money market fund's fees and expenses and that portion of Amida's fee attributable to such assets).

See the discussion of management fees in Item 5B.

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

See general discussion of fees in Item 5.

Amida is compensated, and the GP receives incentive allocations, based on the market value and/or performance of the Accounts. All performance-based compensation that Amida receives will comply with Rule 205-3 of the Investment Advisers Act of 1940, as amended (the “*Advisers Act*”).

As a result of such incentive allocation, to the extent that Amida and/or the GP value portfolio investments of an Account, and value a security higher than its current market value (or where such market values are unreliable), Amida and/or the GP may benefit by receiving a management fee or incentive allocation that is increased by the impact, if any, of such valuation discrepancy. Even where a security is accurately valued, the Account may not ultimately realize the value upon which an incentive allocation was charged upon its ultimate sale due to subsequent market movements. Additionally, where an Investor purchases or redeems interests in an Account at a net asset value that is impacted by a discrepancy in valuation, such Investor may receive a greater or lesser interest in (or increased or decreased redemption proceeds from) such Account than would have been the case absent the discrepancy. Similarly, existing and continuing Investors may be subject to dilution or accretion. While the Accounts do not generally seek to invest in private or illiquid securities, they have the right to do so on an opportunistic basis. As a result, a portion of the assets in which Accounts managed by Amida invest may, at any time or from time to time, be illiquid, thinly traded or otherwise difficult to value. As a result, and as discussed below, Amida has established valuation policies and procedures to mitigate the conflicts and potential for material pricing discrepancies in respect of Account assets and to assure that assets are valued in good faith and as accurately as is reasonably practicable. Under these procedures, assets held by or on behalf of an Account are valued as agreed with Investors through the Account’s Governing Documents and as described in the relevant PPM or, in the absence of specific and stated valuation procedures, at fair or market value.

As a general matter: (i) listed investments are marked-to-market based on the last reported sales prices, on the relevant trading market, on the day of valuation (if no sales occurred on such day, then the valuation will be the “bid” price if held long and the “ask” price if held short at the close of business on the valuation date); and (ii) other investments are valued using an appropriate method as determined by Amida or the valuation service provider, as applicable, to determine the fair value of the investment (such methods may include comparable company valuations, net asset valuations and discounted cash flows). Amida or the valuation service provider, as applicable, also may rely on values and information provided by third party pricing services or an Account’s administrator or custodian.

Amida may be required to manually price or “fair value” one or more assets held by, or on behalf of, an Account. Fair valuation may be necessary where pricing or valuation information with respect to an asset is unavailable or unreliable due to market dislocations, loss of pricing coverage or market-making activities by broker-dealers, mergers and liquidations of broker-dealers or third-party pricing vendors that previously supplied pricing data, the distressed nature of certain forced asset sales due to de-leveraging transactions, extreme market volatility in certain asset classes, uncertainty surrounding potential or actual government intervention in the markets for certain assets and other factors that Amida or the valuation service provider, as applicable, determines may diminish the timeliness, accuracy or reliability of pricing information. For example, Amida may determine that a market quotation is not readily available or is unreliable if, among other reasons, an asset does not have a price source due to lack of liquidity, the price provided varies significantly from a recent trade, the security or asset is thinly traded (as may be the case with non-U.S. securities), recent asset sales represent distressed sales prices not reflective of the price a market participant might reasonably expect to receive from the current sale of that asset in an arm’s-length transaction (e.g., one in which both the buyer and seller acted knowledgeably, prudently, and without compulsion), or there is a significant material event subsequent to the most recent market quotation or pricing information. Amida’s good faith judgment as to whether an event would constitute a “significant event” or whether a valuation is not readily available or otherwise unreliable may, in hindsight, prove to be incorrect.

Amida may use a variety of fair value techniques or methodologies and may rely on third-party service providers to assist in valuations when market quotations are not readily available or are believed by Amida or the valuation service provider, as applicable, to be unreliable. When determining the fair value to be assigned to an asset in these circumstances, Amida seeks to determine, in good faith, the price that a client might reasonably expect to receive from the current sale of that asset in an arm’s-length transaction, considering such factors as the nature and type of

asset, the marketplace in which the asset trades, the pricing and trading history, if any, of the asset and of similar assets and issuers and the use of valuations based on net assets or discounted cash flows. Amida's fair value determinations also may be based on or consider analytical values determined by Amida or a service provider using proprietary or third-party valuation models. Investors should be aware that the models, information and/or underlying assumptions utilized will not always allow Amida to correctly capture the fair value of an asset; rather fair value or manual pricing is intended to yield a good faith approximation of the value of an asset and cannot, *ex ante*, be guaranteed to have reflected the actual or empirical value of any asset, as might be determined with the benefit of hindsight (particularly in periods of market distress) as fair value price adjustments may prove incorrect as to direction and magnitude. Thus, the fair value assigned to an asset may not match the next available and reliable market price or, in retrospect, have been the price at which that asset could have been sold during the period in which the particular fair values were being used in determining an Account's value for the incentive allocation or net asset value calculation which may impact: (i) the cost paid or proceeds realized by an Account upon the purchase or disposition of the asset; (ii) the management fees and incentive allocations paid to Amida and/or the GP; and (iii) the percentage interest assigned in connection with a contribution or the proceeds received upon a withdrawal.

It is possible that different Investors in the same Account will pay varying incentive allocations or management fees. In such event, Amida utilizes allocation policies which are equitable to all clients over time and does not favor one client over another, particularly one that pays higher fees. The policies are tested on a periodic basis to ensure compliance.

## **ITEM 7: TYPES OF CLIENTS**

Amida's clients, each of which are referred to herein as an Account, are privately placed pooled investment vehicles.

The Accounts are not registered as investment companies under the Investment Company Act of 1940 (the "*Investment Company Act*"). The U.S. Fund and the Offshore Fund will be excepted from the definition of an "investment company" pursuant to Section 3(c)(7) of the Investment Company Act. Compliance with this exception (and other applicable law) requires the Accounts to restrict the classes of persons who may invest. Interests in 3(c)(7) funds generally must be offered to persons who are both "accredited investors," as that term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended (the "*Securities Act*") and "qualified purchasers" as defined by Section 2(a)(51) of the Investment Company Act. However, interests in the Offshore Fund may be offered outside the U.S. to persons who are not "U.S. Persons" as defined in Regulation S under the Securities Act and the Offshore Fund may also be offered on a private placement basis to U.S. entities (typically tax exempt) who meet the applicable eligibility requirements.

Provided such investors meet the eligibility requirements, Investors may include high net worth individuals and families, benefit plans, funds of funds, endowments and foundations.

The Accounts are currently commodity pools for which Amida is a commodity pool operator that is exempt from registration and related requirements pursuant to Rule 4.13(a)(4) of the Commodity Exchange Act, as amended, and, in connection with these exemptions, Investors may be required to meet additional requirements. Investors may also be subject to additional eligibility requirements, as set forth in the relevant PPM.

Amida's personnel (including, but not limited to, portfolio management personnel responsible for the management of the Accounts) who are "knowledgeable employees" (as defined in Rule 3c-5 under the Investment Company Act) or who otherwise meet the Accounts' eligibility criteria may invest in the Accounts. Amida, its affiliates or its related persons may also hold interests in the Accounts and may have different compensatory, investment or pecuniary interests in such Accounts, including some which follow similar, complementary or competing strategies.

A minimum investment of \$1,000,000 is currently required for investment in an Account. Upon establishment of a new Account or other vehicle for an investment strategy, or from time to time thereafter, Amida may establish and



alter minimum required investment amounts and may waive or reduce stated minimums, on a case-by-case basis, in its sole discretion.

This Brochure may be provided to current or prospective investors in the Accounts, together with the applicable Account's PPM and Governing Documents, prior to or in connection with such prospective investor's consideration or execution of an investment in that Account, and may subsequently be provided in Amida's discretion or, annually, at the request of an Investor. Investors and other recipients should be aware that while this Brochure may include information about the Accounts, as necessary or appropriate, it should not be considered to represent a complete discussion of the features, risks or conflicts associated with any Account. More complete information about the Accounts is included in the PPMs, which may be provided to current and eligible prospective investors only by Amida or another authorized party.

**In no event should this Brochure be considered to be an offer of interests in an Account or relied upon in determining whether to invest. It is also not an offer of, or agreement to provide, advisory services directly to any recipient.** Rather, this Brochure is designed solely to provide information about Amida for the purpose of compliance with certain obligations under the Advisers Act and, as such, responds to relevant regulatory requirements under the Advisers Act, which may differ from the information provided in a PPM. To the extent that there is any conflict between discussions herein and similar or related discussions in any PPM or the Governing Documents, the PPM and Governing Documents shall govern.

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

Amida employs relative value and convertible arbitrage investment strategies. Investments are based on in-depth fundamental research which identifies long, short and relative value opportunities. Each investment has a catalyst expected to drive the revaluation of mispriced securities or derivatives within a defined time horizon. These strategies consist, for example, of the purchase (or short sale) of a convertible security coupled with the short sale (or purchase) of the underlying security for which the convertible-security can be exchanged to exploit price differentials. Amida may seek to hedge out the risk inherent in the stock; the remaining interest rate risk may or may not be hedged. Amida allocates capital among these strategies based upon market opportunities and in a manner that seeks to optimize returns, consistent with the goal of preserving capital.

Amida will select core investments based on an assessment of potential total return over 1-24 months. Through deep fundamental research, Amida seeks to identify companies where it believes there is a future event that will catalyze a revaluation of a security or securities (or derivative(s) thereof) in its capital structure. Analysis will include both a review of company fundamental and valuation characteristics and will include limited technical analysis as part of the selection process. Amida may also trade around, and take advantage of, volatile short term price movements.

Amida advises the Accounts with respect to trading and investing, both long and short, in a broad range of equity and credit products, including common stock, preferred stock, convertible bonds and preferred stock, corporate bonds and other fixed income instruments (such as high yield (below investment grade) instruments), unrated debt securities, bank debt, trade claims and fixed-income securities and may also utilize exchange-traded funds and other index products to gain or diminish exposure to various asset classes. Amida advises on the usage of derivative instruments, including exchange-traded and over-the-counter credit default swaps, options, futures, currency swaps, interest rate swaps for efficient portfolio management and a variety of other derivative instruments convertible into or related to such securities for investment or efficient portfolio management (including hedging) purposes. Amida advises on securities trading that takes place on U.S. and non-U.S. exchanges and over-the-counter markets, and may include securities of entities in developing countries, U.S. and non-U.S. government debt instruments.

All investments in securities risk the loss of capital and an investment in an Account is subject to all of the risks normally associated with the trading of securities, including, among others, the difficulty of accurately predicting

price movements in particular securities or the market as a whole, and the difficulty of assessing the impact a multitude of economic and other events will have on prices.

Investors should consider the risks inherent in investing in the strategies employed by Amida and the Accounts, which include, but are not limited to, counterparty risk, interest rate risk, volatility risk, currency risk, world and local economic and governmental risks, market risk, liquidity risk and selection risk. In addition to these general risks, there are specific risks that apply to each Account that are outlined in such Account's PPM. These risks may be particularly pronounced for strategies concentrating in a particular sector, type of instrument or issuer or which employs significant leverage. The Accounts utilize a variety of speculative trading strategies which, if unsuccessful, could result in a complete loss of an Investor's investment.

Amida employs a wide variety of investment strategies for the Accounts, including long and short equity investments, long and short credit investments, capital structure arbitrage, event driven, relative value arbitrage and merger arbitrage. Amida has broad discretion in selecting portfolio securities and in developing a risk profile for the Accounts. There are few limitations on the types of securities or other financial instruments which may be traded. Unlike a registered investment company, which must adopt certain fundamental investment policies and restrictions which cannot be changed without investor approval, Amida will have wide latitude in determining, adjusting, and even changing the Accounts' investment strategies, if deemed appropriate by Amida, without the consent of Investors.

The Accounts may borrow substantial amounts of money in the normal course of its business, using the securities that it owns as collateral. The Accounts may borrow against these securities to the maximum extent permitted by law. Thus, an Account may be in a highly leveraged position, and in order for the operations of that Account to be profitable, its returns must exceed the interest expense incurred. Moreover, as is the case with other leveraged investments, losses incurred may exceed the amount of the Account's capital. Conversely, an Account may be unable to leverage its positions as fully as Amida believes would be appropriate. In such event, the Account's rate of return may be adversely affected.

The Accounts may purchase securities and other obligations of companies that are experiencing significant financial or business distress, including companies involved in bankruptcy, or other reorganization and liquidation proceedings. Although such purchases may result in significant returns to the Accounts, they involve a substantial degree of risk and may not show any return for a considerable period of time. In addition, some or all of those companies may not be able to reorganize or may take a significant period of time to emerge from bankruptcy proceedings. As a result, such securities may have to be held for an extended period of time. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial distress is high. There is no assurance that Amida will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or similar action.

Such investments also may be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate or disenfranchise particular claims. The market prices of such securities are also subject to abrupt and erratic market movements and above-average price volatility, and the spread between the bid and asked prices of such securities may be greater than those prevailing in other securities markets. It may take a number of years for the market price of such securities to reflect their intrinsic value.

The administrative costs in connection with a bankruptcy or reorganization or liquidation proceeding are frequently high and will be paid out of the debtor's estate prior to any return to creditors (other than out of assets or proceeds thereof, which are subject to valid and enforceable liens and other security interests) and equity holders. In addition, certain claims that have priority by law over the claims of certain creditors (for example, claims for taxes) may be quite high. In any reorganization or liquidation proceeding relating to a company in which an Account invests, the Account may lose its entire investment or may be required to accept cash or securities with a value less than the Account's original investment.

Arbitrage involves the purchase of an asset and the concurrent sale of that asset in a different market, or the sale of a related asset, in order to capture small price discrepancies between markets or related assets. Arbitrage strategies involving related assets carry the risk that the value of the related assets will not track or affect each other in the manner anticipated by Amida. Arbitrage strategies generally assume the price of related assets will converge to some historic or quantitative relationship, and that price discrepancies from this relationship will disappear. In the event the price discrepancies do not disappear or widen, however, an Account could lose money on an arbitrage trade. In addition, some of the Accounts' arbitrage strategies may result in high portfolio turnover and, consequently, greater transaction costs. Depending upon the investment strategies employed and market conditions, an Account may be adversely affected by unforeseen events involving such matters as changes in interest rates or the credit status of an issuer, forced withdrawals of securities or acquisition proposals, break-up of planned mergers, unexpected changes in relative value, short squeezes or changes in tax treatment.

The Accounts engage in the short sale of securities as part of Amida's trading strategy. Short selling involves selling securities which may or may not be owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in market prices to the extent the decline exceeds the transaction costs and the costs of borrowing the securities. Because the borrowed securities must later be replaced by purchases at market prices in order to close out the short position, any appreciation in the price of the borrowed securities would result in a loss. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. An unanticipated tender offer for an issuer could also cause a sudden increase in the price of the securities sold short. Theoretically, the potential loss on the securities sold short is unlimited as there is no ceiling on how far the price of the security may rise. Also, a short seller may be prematurely forced out of a position due to an inability to maintain a loan of the stock that is borrowed to establish the short. If an Account is unable to replace the stock that has been borrowed, the Account will be obligated to close out the short by purchasing the securities in the market, potentially resulting in a significant loss.

Amida may employ pairs investing strategies that require both a long and a short position. To the extent that Amida is unable to maintain a balanced position because of trade execution delays, forced liquidations of short or leveraged positions due to losses or failure to "match" long and short positions, such strategy will not be effective. In addition to the extent that long and short positions are not matched by industry sectors, a sector-wide but not market-wide price move may result in market losses as opposed to stock losses. Unusual events specific to a particular company which cause sudden changes in a specific company's share valuation may also adversely affect historical price relationships between stocks, leading to losses in the strategy. An Account will generally take long positions in securities believed to be undervalued and short positions in securities believed to be overvalued. While purchases of undervalued securities and short sales of overvalued securities offer opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Account's investments may not adequately compensate for the business and financial risks assumed. It is possible that certain long positions will decrease in value while short positions increase in value exacerbating the loss that would be incurred if a paired trade were not established.

The success or failure of risk arbitrage strategies employed by the Accounts will usually depend upon whether Amida accurately predicts the outcome of a proposed transaction. An Account may invest in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in work-outs, liquidations, spin-offs, spin-outs, 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 the Account of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, an Account may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the Accounts may invest, there is a potential risk of loss by the Accounts of a significant portion of their investment in such companies.

The consummation of mergers and tender and exchange offers can be prevented or delayed by a variety of factors, including, without limitation: (i) opposition of the management or stockholders of the target company, which will often result in litigation to enjoin the proposed transaction; (ii) intervention of a regulatory agency; (iii) efforts by the target company to pursue a “defensive” strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) in the case of a merger, failure to obtain the necessary stockholder or third party approvals; (v) market conditions resulting in material changes in securities prices; (vi) compliance with applicable securities laws; and (vii) inability to obtain adequate financing.

The difference between the price paid by an Account for securities of a company involved in an announced extraordinary corporate transaction and the anticipated value to be received for such securities upon consummation of the proposed transaction will often be very small. Since the price bid for the securities of a company involved in an announced extraordinary corporate transaction is generally at a significant premium above the market price prior to the announcement, if the proposed transaction appears likely not to be consummated or in fact is not consummated or is delayed, the market price of the securities usually declines sharply, often by more than an Account’s anticipated profit, even if the security’s market price returns to a level comparable to that which existed prior to the announcement of the deal.

Amida may employ a variety of hedging strategies to mitigate the risks associated with its strategies. However, Amida does not attempt to hedge all market or other risks inherent in its positions, and hedges certain risks, if at all, only partially. While Amida attempts to hedge certain risks, not all risks can be hedged. Specifically, Amida may choose not to, or may be economically unable to, hedge risks related to changes in certain market or economic factors, such as interest rates, credit markets, equity markets, foreign currency exposure, volatility, liquidity and buy-in risk on short positions, either in respect of particular positions or in respect of the overall portfolio.

The Accounts may enter into swap transactions, including credit default, total return, index and interest rate and currency swap agreements, as well as options thereon, and may purchase or sell interest rate caps, floors and collars. Swap transactions are subject to market risk, risk of default by the other party to the transaction, risk of imperfect correlation and manager risk and may involve commissions or other costs. Swaps generally do not involve delivery of securities, other underlying assets or principal. Accordingly, the risk of loss with respect to swaps generally is limited to the net amount of payments that the Account is contractually obligated to make, or in the case of the other party to a swap defaulting, the net amount of payments that the Account is contractually entitled to receive. The swap market has grown substantially in recent years with a large number of banks and investment banking firms acting both as principals and as agents utilizing standardized swap documentation. As a result, the swap market has become relatively liquid. Caps, floors and collars are more recent innovations for which standardized documentation has not yet been fully developed and, accordingly, they are less liquid than swaps. If Amida is incorrect in its forecast of market values, interest rates or currency exchange rates, the investment performance of an Account would be less favorable than it would have been if these investment techniques were not used. The use of swap options involves risks, including, among others, (i) changes in the market value of securities held by an Account, and of swap options relating to those securities may not be proportionate, (ii) there may not be a liquid market to sell a swap option, which could result in difficulty closing a position, (iii) swap options can magnify the extent of losses incurred due to changes in the market value of the securities to which they relate and (iv) counterparty risk. Currency swaps usually involve the delivery of the entire principal value of one designated currency in exchange for the other designated currency. Therefore, the entire principal value of a currency swap is subject to the risk that the other party to the swap will default on its contractual delivery obligations.

The Accounts may enter into credit default swap agreements consistent with their investment objectives and general investment policies. The “buyer” in a credit default contract is obligated to pay the “seller” a periodic stream of payments over the term of the contract provided that no event of default on an underlying reference obligation has occurred. If an event of default occurs, the seller must pay the buyer the full notional value, or “par value”, of the reference obligation in exchange for the reference obligation. An Account may be either the buyer or seller in a credit default swap transaction. If the Account is a buyer and no event of default occurs, the Account will lose its investment and recover nothing. However, if an event of default occurs, the Account (if the buyer) will receive the full notional value of the reference obligation that may have little or no value. As a seller, the Account receives a

fixed rate of income throughout the term of the contract, which typically is between six months and three years, provided that there is no default event. If an event of default occurs, the seller must pay the buyer the full notional value of the reference obligation. Credit default swap transactions involve greater risks than if the Account had invested in the reference obligation directly.

The Accounts may invest in interests in entities organized and operated solely for the purpose of restructuring the investment characteristics of other debt securities, including debt securities issued by foreign governments. This type of restructuring involves the deposit with or purchase by an entity, such as a corporation or trust, of specified instruments and the issuance by that entity of one or more classes of securities backed by, or representing interests in, the underlying instruments. The cash flow on the underlying instruments may be apportioned among the newly issued security to create securities with different investment characteristics such as varying maturities, payment priorities and interest rate provisions, and the extent of the payments made with respect to such securities is dependent on the extent of the cash flow on the underlying instruments. Certain classes of such securities may be subordinated to the right of payment of another class. Subordinated structured investments typically have higher yields and present greater risks than unsubordinated structured investments.

If an Account becomes involved in the trading of foreign securities, it may maintain a significant portion of its assets in clearing accounts pursuant to clearing agreements with foreign clearing firms (including banks and brokers) and foreign affiliates of domestic broker-dealers. Foreign clearing firms are generally not subject to United States laws and regulations and foreign markets may be subject to less regulation and supervision than in the United States. Transaction costs of investing in non-U.S. securities in foreign markets may be higher than in the United States and clearance procedures may be less efficient. Trading in non-U.S. markets involves the risk of currency exchange rate fluctuation. No Account is required to hedge against the risk of a decline in value of the U.S. dollar in relation to other currencies in which the Account may invest.

The Accounts may purchase securities of companies in initial public offerings of any equity security ("*New Issues*") or shortly thereafter. Special risks associated with these securities may include a limited number of interests available for trading, unseasoned trading, lack of investor knowledge of the company, and a limited operating history. These factors may contribute to substantial price volatility for the interests of these companies. The limited number of interests available for trading in some initial public offerings may make it more difficult for the Accounts to buy or sell significant amounts of interests without an unfavorable impact on prevailing market prices. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them.

Any investment in an Account entails a degree of risk. There can be no assurance that the Account will achieve its investment objective or that the strategies described herein will be successful. Given the factors that are described below, there exists a possibility that an Investor could suffer a substantial loss as a result of an investment in an Account.

As the Accounts grow, they may face difficulty in deploying their assets as existing strategies face capital constraints. Amida will continue to develop new strategies but may have difficulty finding or developing sufficient strategies to effectively utilize the available capital.

There is no public market for interests in the Accounts and none is expected to develop. Consequently, except for the right to make periodic withdrawals, Investors may not be able to liquidate their investment in an Account in the event of an emergency or for any other reason and interests in an Account may not be readily accepted as collateral for a loan.

Except for the limited rights of withdrawal, Investors must be prepared to bear the risk of their investment for a substantial period of time. The Governing Documents impose substantial restrictions on the transfer of an Investor's

interest in an Account. Interests in the Accounts will not be registered under the Securities Act or under state securities laws and, therefore, cannot be sold unless they are subsequently registered under such Act and laws or an exemption from such registration is available.

Any investment decision with respect to an investment in an Account should be made based upon the information contained in the PPM and Governing Documents for such Account, and Investors should carefully read such documents, in consultation with their advisers, prior to making any such investment decision. The information contained herein is not intended to be complete or final and is qualified in its entirety by the PPM and Governing Documents for the applicable Account.

### **ITEM 9: DISCIPLINARY INFORMATION**

Amida and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

### **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

As noted above, an affiliate of Amida that is wholly-owned by Amida's principals serves as GP of the U.S. Fund and the Master Fund. Amida and the GP have filed with the National Futures Association, with respect to the Accounts, a claim for exemption from commodity pool operator registration with the Commodity Futures Trading Commission ("CFTC") pursuant to CFTC Rule 4.13(a)(4).

Because the GP and Amida are affiliated, there exists a potential disincentive for Amida to be replaced, even if such action is in the best interests of an Account. Moreover, the fees and expenses paid by the GP or Amida on behalf of an Account that are required to be reimbursed by the Account have not been established in an arm's length transaction.

See the discussion of placement agents in Item 14B.

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

Amida's Code of Ethics (the "Code") was adopted in accordance with Rule 204A-1 under the Advisers Act ("Rule 204A-1") to govern personal transactions by access persons and to assure that their interests do not conflict with the interests of Accounts, or, as applicable, Investors in Accounts. As such, Amida's Code includes: (i) standards of business conduct, requiring that covered persons comply with relevant provisions of the federal securities laws and the fiduciary duties an investment adviser owes to its clients; (ii) personal securities transaction policies governing the personal investment activities of relevant personnel and requiring the submission by such persons of reports regarding their personal trading accounts and activities; and (iii) an insider trading policy, adopted in conformity with Section 204A of the Advisers Act. A copy of the Code is available to current and prospective investors upon request and without charge.

#### **Participation or Interest in Client Transactions**

Amida does not buy or sell securities for its own account. However, Amida's principals (or entities which they may control and be deemed to have a beneficial interest in) may own, buy and/or sell securities that are also recommended to clients, subject to the limitations described below. Such transactions may also include trading in securities in a manner that differs from or is inconsistent with advice given to clients.

Currently, all employees, officers, directors and principals of Amida are considered to be access persons for purposes of the Code. Personnel who fail to observe the Code and related compliance policies risk serious sanctions, including dismissal and personal liability.

#### Standards of Business Conduct

A basic tenet of Amida's Code is that the interests of clients (*e.g.*, the Accounts) are always placed first. The Code includes standards of business conduct requiring covered persons to comply with the federal securities laws and the fiduciary duties an investment adviser owes to its clients. Amida's standards of business conduct, among other things: (i) restrict such persons from (a) giving or accepting certain gifts and inducements from or to clients or others doing business with the firm when such gifts or inducements may present a material conflict of interest or (b) otherwise taking advantage of their position with Amida; and (ii) require that access persons (a) treat clients fairly and consistently with Amida's compliance procedures, (b) provide disinterested advice to clients insulated from personal or business conflicts of interest and (c) report potential violations of the Code to Amida's Chief Compliance Officer ("CCO").

#### Personal Securities Transactions Policy

Amida's Code also includes a personal securities transactions policy which imposes certain requirements and restrictions with respect to personal trading and investment activity by access persons. The Code requires all personal investing activities to be conducted in a manner that avoids all actual or potential conflicts of interest with the Accounts. For their part, access persons must be alert to any potential conflicts of interest that may arise in conducting affairs for personal reasons and on behalf of the Accounts. Each access person shall ensure that securities transactions undertaken on behalf of the Accounts are given priority over any personal securities transactions.

Access persons are prohibited from engaging in transactions that include, among others, front running, the use of material non-public information, the use of improper "market timing" activities, or any other trading activities that could disadvantage the Accounts or otherwise violate Amida's fiduciary duties with respect to the Accounts. Please note that the preceding list is not exhaustive, and each access person is responsible for consulting the CCO with respect to any personal securities transactions that could potentially result in a conflict of interest with the Accounts.

In addition, access persons may not acquire any securities issued as part of an initial public offering or a limited offering absent prior approval of the CCO. Any such approval will take into account, among other factors, whether the investment opportunity should be reserved for an Account and whether the opportunity is being offered to such person because of his or her position with Amida.

As a means of monitoring the above, Amida has established various reporting procedures. At the end of each fiscal year, access persons are required to report personal securities holdings. Additionally, within 30 days after the end of each fiscal quarter, access persons are required to report any personal securities transactions (including both direct and indirect beneficial ownership).

#### Insider Trading Policy

Amida and its related persons may, from time to time, come into possession of material nonpublic and other confidential information which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, Amida may be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any other person, regardless of whether such other person is an advisory client. Accordingly, should Amida come into possession of material nonpublic or other confidential information with respect to any company, it may be prohibited from communicating such information to, or using such information for the benefit of its Accounts, and have no obligation or responsibility to disclose such information to, nor responsibility to use such information for the benefit of, Accounts when following policies and procedures designed

to comply with law. Accordingly, Amida's Code includes an "Insider Trading Policy" which establishes procedures to prevent the misuse of material nonpublic information by Amida's supervised persons.

#### Reporting Requirements under the Code

To assist Amida in monitoring personal trading activities in order to detect potential conflicts of interest or violations of the Code, fiduciary duty or applicable law, access persons must provide periodic reports with respect to personal securities transactions, holdings and accounts, including annual reports of holdings in certain, reportable securities and quarterly reports of their personal transactions in reportable securities. To facilitate compliance with reporting requirements, access persons may direct their brokers to send copies of all brokerage statements and confirmations relating to all personal securities transactions and accounts in which they have a beneficial ownership interest. These reports and relevant brokerage statements and confirmations are submitted to and reviewed by the CCO. The CCO's reports and pre-clearance requests will be reviewed by another appropriate officer of Amida. If any violation of the Code, fiduciary duty or applicable law with respect to trading activities is determined to have occurred, the CCO may impose sanctions and take such other actions, including, without limitation, requiring that the trades in question be reversed and/or profits be disgorged.

#### Allocations

In the event that Amida advises multiple Accounts at one time, when Amida should determine that it would be appropriate for multiple Accounts to participate in an investment opportunity, Amida will seek to execute orders for all of the participating Accounts, on an equitable basis (subject to the limitations discussed above). Specifically, to the extent feasible under applicable rules and regulations, if Amida has determined to invest at the same time for more than one Account, Amida may place combined orders for all such accounts simultaneously and, if any order is not filled at the same price, Amida may average the prices paid. Similarly, if an order on behalf of more than one Account cannot be fully executed under prevailing market conditions, Amida may allocate the securities traded among the different accounts on a basis which Amida considers equitable. Situations may occur where Amida could be disadvantaged because of the investment activities conducted by Amida for other investment accounts.

Accounts may invest in certain non-marketable securities, including bank debt, credit default swaps and similar instruments. Given the nature of these instruments and potential differences in relative assets of Accounts, it may not always be possible to allocate such an investment on a pro rata basis between Accounts. In such event, Amida will seek to allocate the opportunity on an equitable basis.

### **ITEM 12: BROKERAGE PRACTICES**

Generally, Amida is retained with respect to each Account on a discretionary basis and is authorized to make the following determinations in accordance with the Account's specified investment objectives without consultation or consent before a transaction is effected:

- which securities to buy or sell;
- the total amount of securities to buy or sell;
- the broker or dealer through whom securities are bought or sold;
- the commission rates at which securities transactions will be effected; and
- the prices at which transactions are effected, including spreads and transaction costs.

Amida currently has only one Account. Therefore, much of the following discussion is a description of the policies Amida will employ when it has two or more Accounts.

#### Investment and Brokerage Decisions and Review



Investment and brokerage decisions for each Account are made by Amida and/or the GP, with assistance from relevant personnel. In placing transactions, Amida seeks to (i) determine each Account's trading requirements; (ii) select appropriate trading methods, venues and agents to execute the trades under the circumstances; (iii) evaluate market liquidity of each security and take appropriate steps to mitigate excessive market impact, to the extent practicable; (iv) maintain confidentiality and proprietary information inherent in the decision to trade; and (v) review the results of executions on a periodic basis.

Amida periodically considers and reviews its trading practices, including the quality of executions received and commission rates paid by Accounts, in order to determine what changes, if any, should be made in its brokerage arrangements. The goal of this process is to exercise reasonable, good faith judgment to select broker-dealers or other trading venues (collectively, for purposes of this discussion, "*brokers*") that will consistently provide quality execution at acceptable cost. The following summarizes Amida's policies with respect to its exercise of investment and brokerage discretion on behalf of Accounts.

#### Selection Criteria for Brokers and Dealers

Amida places orders for the purchase or sale of securities with the primary objective of seeking prompt execution of orders at the most favorable price and execution readily obtainable from responsible brokers at competitive commission rates. Amida insists on a high standard of quality regarding execution services and deals only with brokers that can meet that standard. The commission rates paid by Amida are reviewed on a regular basis. Amida also places value on brokers who are able to provide useful research assistance and quality client service.

Amida's objective in selecting brokers and in effecting portfolio transactions is to seek to obtain the best combination of price and execution readily available under the circumstances and given the requirements of the trade for an Account's portfolio transactions. The best net result, giving effect to brokerage commissions, spreads and other costs, is normally an important factor in this decision, but a number of other judgmental factors are considered as they are deemed relevant. In applying these factors, Amida recognizes that different brokers may have different execution capabilities with respect to different types of securities and transactions, and that no one broker will likely be judged the best at every relevant factor as a general matter or with respect to any particular transaction.

The factors Amida considers may include, but are not limited to:

- Amida's knowledge of negotiated commission rates and spreads currently available, to seek to determine whether the broker's rates are competitive and reasonable and the broker's ability to provide the best price, net of brokerage commissions, spreads or other costs;
- the broker's perceived knowledge of, and expertise in, securities, issuers and markets in which Accounts invest and the broker's apparent familiarity with the sources from or to whom particular securities might be purchased or sold;
- the nature of the security being traded;
- the size and type of the transaction;
- the nature and character of the markets for the security to be purchased or sold;
- the desired timing of the trade and the broker's ability to meet Amida's required or requested speed of execution;
- the activity existing and expected in the market for the particular security;
- the broker's access to primary and other relevant markets and quotation sources;
- confidentiality and the broker-dealer's ability to execute a transaction without causing undue market movements;
- the execution, clearance and settlement capabilities as well as the reputation, reliability and perceived soundness of the broker selected and others which are considered;
- Amida's knowledge of the broker's technological infrastructure and trading system as well as any actual or apparent operational problems of any broker;

- the quality of the broker's execution services rendered on a continuing basis and in other transactions (including the quality of communication between Amida and the broker);
- the broker's reliability in executing and settling trades, keeping records and accounting for and correcting the broker's trade errors and failed trades or settlements;
- the broker's ability and willingness to accommodate Amida's needs with respect to one or more trades – including the ability and willingness to maintain acceptable quality of execution in unusual or volatile market conditions and, if necessary, to commit capital by taking positions in order to complete trades;
- the availability of the broker to stand ready to execute possible difficult transactions in the future;
- the broker's abilities and expertise with respect to block trading and arbitrage;
- the broker's access to, and expertise in, initial public offerings, limited offerings and restricted or illiquid securities;
- the broker's access to other markets through which the Accounts may invest from time to time; and
- the quality of research and brokerage services provided by the broker and whether [Name] maintains a soft dollar relationship with the broker.

When buying or selling securities in dealer markets, Amida may, subject to its duty to seek best execution, deal directly with market makers either on a commission basis or on a "net" basis, without paying the market maker any commission, commission equivalent or markup/markdown other than the "spread." Net trades mean that the market maker profits from the "spread," that is, the difference between the price paid (or received) by the Account and the price received (or paid) by the market maker in trades with other brokers or other customers.

Amida does not enter into agreements with, or make commitments to, any broker that would bind Amida to compensate that broker, directly or indirectly, for Investor referrals through placement of brokerage transactions. The fact that a broker has made such referrals does not disqualify the broker from executing trades on behalf of Amida's client accounts and, as discussed below, Amida may enter into certain transactions through an Account's "prime broker" who may also provide capital introduction services to Amida's Accounts. However, because Amida has an incentive to use brokers that provide referrals and brokers in which Accounts invest, Amida will exercise its discretion to execute transactions through such brokers only: (i) when the use of such broker is consistent with Amida's duty to seek best execution and following procedures reasonably designed to ensure that such referrals or the Accounts' investments are not a factor in the decision to execute a trade, or a particular amount of trades, through such broker; or (ii) when one or more brokers is believed capable of providing equivalent quality of execution with respect to a particular portfolio transaction, in recognition of the broker's past referrals or in anticipation of possible future referrals or through an investee broker in recognition of the potential benefit to such Accounts. In either case, Amida seeks to assure that an Account does not pay higher commissions, concessions or mark-ups/downs than would otherwise be obtainable from brokers that do not provide referrals to Amida or in which Accounts do not invest.

#### Commission Rates or Equivalents Policy

Amida endeavors to be aware of current charges of available brokers and to minimize the expense incurred for effecting Account transactions to the extent consistent with the interests and policies of its Accounts. As noted above, Amida periodically reviews the quality of executions received from the brokers it uses, and may consider the services of other brokers who may be available to execute Account transactions, when evaluating Amida's efforts in seeking best execution. Any broker that has provided (or who may be reasonably expected to provide) acceptable performance and whose financial condition and commission rates are amenable to Amida may be selected to execute transactions for Accounts.

Amida may set ranges for commission rates and/or attempt to negotiate with brokers, when possible. However, Amida will not select brokers solely on the basis of "posted" commission rates nor always seek in advance competitive bidding for the most favorable commission rate applicable to any particular portfolio transaction. Although Amida generally seeks competitive commission rates, it will not necessarily pay the lowest commission or

commission equivalent. Transactions may involve specialized services on the part of the broker involved, resulting in higher commissions (or equivalents) than would be the case with transactions requiring more routine services.

Amida may use a number of different brokers and may pay higher commission rates to those whose execution capabilities, brokerage or research services or other legitimate and appropriate services are particularly helpful in seeking good investment results for Accounts. As part of this determination, Amida recognizes that some brokerage firms are better than other firms at executing certain types of orders (and that some brokerage firms are better at executing certain types of orders than other types of orders). Thus, it may be in the best interests of the Accounts if Amida uses a broker whose commission rates are not the lowest, but whose executions may result in lower overall Amida costs or improved execution quality. The overriding consideration in choosing broker-dealers to execute client orders is to seek to maximize client profits (or minimize losses) through a combination of controlling transaction and securities costs, identifying and obtaining potential improvements in execution quality and seeking the most effective uses of the brokers' relevant capabilities.

Amida bases its judgment of the reasonableness of a broker's commissions on the broker's ability to provide professional services, competitive commission rates, research, and other services which will help Amida in providing investment management services to clients. Amida may, therefore, use a broker who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance. In this connection, Amida makes a good faith determination that the amount of commission is reasonable in relation to the value of the research and/or brokerage services provided, viewed in terms of either the specific transaction or Amida's overall responsibility to its clients. However, the extent to which commission rates or net prices reflect the value of these services often cannot be readily determined or quantified.

#### Other Limitations Resulting from Legal, Regulatory or Market Features

Amida may engage in certain private transactions not involving a public market for which only a single avenue for execution (*e.g.*, purchase directly from an issuer or the issuer's specified agent) is available. In those cases, Amida may be limited in its ability to negotiate costs or terms but will seek, as practicable, to negotiate the most favorable terms reasonably available under the circumstances and to minimize costs associated with such transactions, consistent with achieving the desired investment objective and assuring an acceptable quality of execution.

In some cases, other legal or regulatory restrictions or reporting requirements related to certain types of investments or investment thresholds may limit Amida's freedom of action or may have an adverse effect on the price or liquidity of a holding. For example, when certain aggregate ownership thresholds (which may apply across all Accounts) are reached, the ability of any Account to purchase or sell an investment, exercise rights (including voting rights) or engage in transactions may be restricted or impaired or may trigger reporting obligations which would entail the disclosure of Amida's or such Account's interests in the relevant investment or issuer, which may adversely affect price and liquidity. Amida may, in its discretion, limit additional purchases, dispose of existing holdings, or refrain from exercising certain rights, when Amida believes that doing so is appropriate in light of regulatory requirements or restrictions.

#### Batch Transaction Policy

Because the size and mandate of Accounts may differ, the securities held in Accounts may not be identical. In appropriate circumstances, any Account managed by Amida may purchase or sell a security prior to other Accounts managed by Amida. This could occur, for example, as a result of the specific investment objectives of the Account, different cash resources arising from contributions or withdrawals, or the purchase of a small position to assess the overall investment desirability of a security. In most circumstances, transactions for each Account are effected independently, unless Amida independently determines to purchase or sell the same securities for several Accounts at approximately the same time. However, Accounts that are managed to the same or similar strategies may have

similar or identical portfolio compositions and weightings and Amida may seek to acquire or dispose of the same securities for all (or many) of such similar Accounts contemporaneously.

In either case, as part of the duty to seek best price and execution and to the extent consistent with relevant investment advisory agreements and other Governing Documents, Amida may, but is not required to, “bunch” or batch together purchases or sales for such Accounts and allocate the trades, in a manner that is fair and equitable over time, across participating Accounts to facilitate best execution. Use of batch transactions may allow Amida to negotiate more favorable prices, obtain more timely, efficient and equitable executions or reduce overall commission charges. While Amida may effect trades in this manner to reduce the overall level of brokerage commissions paid or otherwise enhance the proceeds or other benefits of the trade for the Accounts, because Amida may direct transactions to brokers based on both their ability to provide high quality execution and the nature and quality of research services, if any, such brokers provide to Amida, an Account may not always pay the lowest available commission rates when its trades are effected in this manner, so long as Amida believes that the batched transaction is consistent with Amida’s duty to seek best execution.

Amida seeks to aggregate trade orders in a manner that is consistent with its duty to: (i) seek best execution of Account transactions; (ii) treat all Accounts fairly and equitably over time; and (iii) not systematically advantage or disadvantage any single Account or group of Accounts. When a decision is made to enter into a batch transaction, the results of the transactions will be allocated to all participating Accounts in a fair and equitable manner. When a batch transaction results in all component orders being filled in their entirety on a single business day, each participating Account will participate at the average price paid or received, per share or unit, on that day for the batch transaction (and will pay associated transaction costs based on that account’s level of participation in the batch transaction), subject to certain size or cost-related exceptions. When a batch transaction cannot be filled in its entirety on a single business day (a “*partial fill*”), Amida will allocate the portion of the batch transaction actually filled on that business day in accordance with Amida’s written aggregation and allocation procedures, described generally below.

Except when inconsistent with an Account’s investment advisory agreement, *pro rata* allocation will generally be used to allocate partial fills of batch transactions. *Pro rata* allocation is generally appropriate when a batch order, which usually seeks only liquid, actively traded securities, cannot be fully executed in a single day. The partial fill is generally allocated among the participating Accounts based on the size of each Account’s original order, subject to rounding in order to achieve round lots. Unexecuted orders will continue until the batch transaction is completed or until all component orders have been cancelled. New orders for the same security will be aggregated with any remaining unexecuted orders (e.g., incorporated into the ongoing batch transaction) and the batch transaction (as so modified) will continue in the same manner. Amida may apply minimum order allocation amounts, which will be set and periodically (or in particular instances) adjusted based on, among other things, Amida’s system capabilities and market convention associated with the particular security or type of security. If remaining positions are too small to satisfy the minimum order amount, Amida may decide to allocate the remaining shares to those Accounts seeking large positions which were unfilled. Conversely, Amida may decide to allocate remaining shares to those Accounts whose orders would be completed as a result. Amida seeks to make these decisions in a manner that is fair and equitable over time.

Amida may allocate on a basis other than *pro rata*, if, under the circumstances, Amida believes that such other method of allocation is reasonable, does not result in improper or undisclosed advantage or disadvantage to relevant Accounts, and results in fair access over time to investment and trading opportunities for all relevant and eligible Accounts. For example, Amida may identify investment opportunities that are appropriate for certain Accounts but not others (or with respect to which a relatively higher weighting is appropriate for one Account or group of Accounts over others) based on such factors as: investment strategy, objectives and style; risk/return parameters; legal, regulatory and other requirements or restrictions; tax status; Account size; sensitivity to turnover; available cash and cash flows. Consequently, Amida may determine it is appropriate to place a given security in one Account rather than another, or allocate a security more heavily to particular Accounts over others. Other non-*pro rata* methods include rotational allocation and random allocation. These, and other, alternative methods of allocation are

particularly appropriate, for example, when the batch transaction results in partial fills which are too small to be efficiently allocated *pro rata* among participating or eligible Accounts.

Amida may also consider the following when allocating trades and determining whether or how to use a batch transaction: (i) recent and anticipated cash flow changes (including available cash, redemptions, exchanges, capital additions and capital withdrawals) which may provide a basis to deviate from a pre-established allocation so long as it doesn't result in an unfair advantage to specific Accounts or types of Accounts over time; (ii) Accounts with specialized investment strategies, objectives or restrictions emphasizing investment in a specific category of securities may be given priority over other Accounts in allocating such securities; (iii) the proportion that the size of the Account's order bears to the total amount desired by all Accounts; (iv) the size of each Account's original order; (v) the desire to achieve "round lots"; (vi) the Account's asset size; and (vii) the Account's (and other participating Account's) current holdings of the security.

Except when inconsistent with the Code, Amida may include proprietary or personal accounts in such aggregate trades, subject to its duty to seek best execution.

#### Allocation of "New Issues"

Amida may invest Accounts in "New Issues," as defined in relevant rules established by the Financial Industry Regulatory Authority ("FINRA"). To the extent that Amida determines to invest Accounts in New Issues, such investments will be allocated fairly and consistently with FINRA Rule 5130 and FINRA Rule 5131 (the "New Issues Rules"). The New Issues Rules provides that broker-dealers, their affiliates and certain other persons ("restricted persons"), as well as certain executives officers and directors of potential banking clients ("covered persons"), may not be able to participate in New Issues.

Only Accounts that are eligible under the New Issues Rules to participate in profits and losses attributable to New Issues ("Eligible Accounts") will be permitted to receive allocations of New Issues. Amida will make allocations of New Issues generally on a *pro rata* basis, and in any event in accordance with Amida's batch trading procedures, subject, as noted here, to considerations imposed by the New Issues Rules, among Eligible Accounts. However, Amida may consider, when allocating New Issues, any relevant tax implications for the Account and whether and to what extent the Account's custodian is capable of executing same day trades in New Issues.

To the extent that Accounts advised by Amida expect to invest in New Issues, Amida, on behalf of the Accounts, takes measures necessary to ensure compliance with the New Issues Rules which may include, for example, prohibiting or limiting investment by restricted persons and/or covered persons or by creating multiple class structures pursuant to which a certain class (or classes) of interests may be issued only to restricted persons and/or covered persons while other classes exclude restricted persons and covered persons.

Portfolio management personnel are typically restricted persons (and thus are restricted by the New Issues Rules from making New Issues investments).

#### Services Provided by Custodians and/or Prime Brokers

Amida may select one or more firms to serve as custodian to hold the funds and securities of a related Account. The identity of, and other relevant information about, the custodian for each Account is contained in each Account's PPM. Amida reserves the right, in its sole discretion (subject, however, to the relevant Account's Governing Documents), to change relevant custodial and brokerage arrangements without further notice to Investors in the Account. However, Amida will, to the extent required by the Custody Rule, provide appropriate notice upon opening such an account and upon any changes to relevant information about the custodian or the manner of custody.

A custodian may also serve as a prime broker for, and be selected to execute transactions on behalf of, an Account, as consistent with Amida's duty to seek best execution. In addition to custody and execution, a prime broker may provide other core functions (such as reporting, clearing, financing, securities lending, and client service) as well as value added items (such as capital introductions, advanced research and analytics and technology services) to the Accounts. Amida may take advantage of some or all of these value added functions with respect to any particular Account it advises. Certain of these services may be outside the "safe harbor" provided by Section 28(e) of the Securities Exchange Act of 1934, as amended.

#### Prime Brokerage Services

As discussed above, Amida's use of a prime broker or custodian with respect to the Accounts may yield increased administrative ease and, therefore, increased profitability for Amida. A prime broker may from time to time introduce potential Investors to an Account. Amida may, as noted above, take prime brokerage services, including capital introduction, into account when selecting a prime broker or custodian.

Because an increase in the size of an Account would likely result in additional compensation or other benefits to a prime broker, a prime broker may receive a benefit from introducing investors to an Account. For example, a prime broker is entitled to sell, loan or otherwise use an Account's portfolio securities (securities so used being referred to herein as "*Collateral*") for its own purposes or the purposes of any third party, and each Account has a contractual right against the prime broker for the return of assets equivalent to the Collateral. Collateral may not, therefore, be recoverable in full in the event of the prime broker's insolvency. The use of a prime broker and these arrangements subject an Account to the risk that the relevant counterparty will not be able to meet its obligations to Amida and/or the Account.

### **ITEM 13: REVIEW OF ACCOUNTS**

David Rich, the Chief Investment Officer and Portfolio Manager of Amida, reviews the investments held in each Account on an ongoing basis to determine if securities should be sold or additional securities should be purchased. David Rich may confer with, and consider information provided by the investment or risk management committee when evaluating and making decisions for Accounts. While such personnel may provide information or insight regarding, among other things, investment ideas, economic developments, current events, investment strategies, and issues related to one or more portfolio holdings, David Rich has full discretion over the investment decisions made for each Account. In addition to his day-to-day oversight of the Accounts, David Rich performs periodic reviews of the Accounts to ensure that each is managed in accordance with stated investment guidelines and objectives. In performing such periodic reviews, additional or particular aspects of an Account's portfolio (*e.g.*, utilization of leverage) may be considered. Amida has established risk management guidelines and monitors the portfolio of each Account on a regular basis to ensure compliance with risk guidelines.

#### Reports

Investors in each Account receive periodic reports, communications and/or statements, as set forth in the relevant Account's Governing Documents and PPM, or as otherwise agreed. Generally, Investors in the Accounts receive unaudited monthly exposure reports and performance reports. However, as noted above, certain Investors may have negotiated the right to receive different, more frequent or more detailed reports than others.

Additionally, to comply with the Custody Rule, annual audited financial statements will be provided to each Investor within 120 days after the end of the relevant Account's fiscal year. Reports may include or be accompanied by information with respect to the performance of the Account, information about the Investor's capital account(s) or shares, as applicable, and certain tax-reporting information (*e.g.*, Form K-1). Under relevant local law, Amida and/or an Account may be required to prepare and distribute certain annual statements relating to the Account and its Investors. Investors agree to cooperate with Amida by providing information and computations necessary to such reports.

Amida may rely on information provided by affiliates or third parties in preparing reports and an affiliate or third party may assist in preparing or distributing reports. To the extent reports include or rely upon information from a source other than Amida (e.g., index information when a report includes a comparison of an Account's performance to one or more indices), Amida attempts to obtain such information from reliable sources, however the accuracy of such information cannot be guaranteed. Additionally, as noted in Item 6 above, reports may include or rely upon fair value determinations made by Amida or a third party. While such valuations are made in good faith, their actual or empirical accuracy cannot be guaranteed.

Representatives of Amida may be made available for discussions with Investors on a periodic or agreed upon basis.

#### **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

The Accounts may, in the discretion of the GP (with respect to the U.S. Fund) or Amida (as investment manager of the Offshore Fund and the Master Fund), appoint one or more brokers or placement agents to assist in the placement of Interests (each, a "*Placement Agent*"). Placement fees payable to Placement Agents in respect of Interests sold by it will be paid out of the fees and allocations payable to Amida and the GP, respectively, and will not increase the fees and allocations payable by Investors. Such placement fees will vary depending on the arrangements between the Account and the Placement Agent.

Placements Agents that solicit investors on behalf of the Accounts will be entitled to receive placement fees in respect of Interests sold by it equal to a percentage of the management fees received by Amida and the incentive allocation received by the GP (with respect to the U.S. Fund) or Amida (with respect to the Offshore Fund). As a result, Placement Agents have a substantial financial interest in selling Interests in the Accounts to its clients and others. Such placement fees will vary depending on the arrangements between the Account and the Placement Agent.

#### **ITEM 15: CUSTODY**

Because Amida (or an affiliate) serves as general partner or managing member of certain Accounts, Amida is deemed to have "custody" over the Accounts within the meaning of Rule 206(4)-2 under the Advisers Act. To comply with this Rule, Amida provides each Investor in the Account audited financial statements within 120 days following the Account's fiscal year end. If you have invested in an Account and have not received audited financial statements timely, please contact us immediately.

See general discussion of custody and prime brokerage arrangements in Item 12 and discussion of reports provided in Item 13.

#### **ITEM 16: INVESTMENT DISCRETION**

Investors in the Accounts will have no authority to make decisions or participate in the management of or exercise business discretion with respect to the Accounts. The authority to make all business decisions (including, most importantly, the selection of securities and execution) for an Account, is entrusted to the complete discretion of Amida and the GP, as applicable. Accordingly, no person should invest in an Account unless he or she is willing entrust all aspects of the management of the Account to Amida and the GP, as applicable.

Each Account enters into an investment advisory agreement with Amida pursuant to which the Account delegates to Amida full investment discretion over the Account's assets.

## **ITEM 17: VOTING CLIENT SECURITIES**

Amida is generally responsible for voting proxies with respect to securities held in the Accounts and has adopted Proxy Voting Policies and Procedures (the “*PVPs*”) pursuant to Rule 206(4)-6 under the Advisers Act. These PVPs provide that, in cases where Amida has such authority, it will vote such securities in accordance with the PVPs and in the best interests of the relevant Account(s). The following is a summary and does not represent Amida’s entire PVPs. Investors may receive a copy of the PVPs, as well as information on how proxies were voted for relevant Accounts, by request.

Under the PVPs, Amida has ultimate authority with respect to proxy voting, including: (i) receiving proxy solicitations; (ii) determining whether Amida has a material conflict of interest that would interfere with its ability to vote a proxy; (iii) voting (or refraining from voting) in the best interests of each relevant Account, when no such conflict has been identified; and (iv) determining how an identified conflict should be addressed. Amida generally seeks to vote all proxies that are timely received; however, Amida may refrain (or be precluded) from voting proxies where: (i) the effect of the proposal on an Account’s interests is *de minimis* or the cost of exercising a vote materially outweighs the benefit (*e.g.*, where the person voting is required or voting would limit Amida’s ability to engage in subsequent transactions in the subject issuer); (ii) where the securities are no longer held on the meeting date; (iii) where proxies were not received with sufficient time to make an appropriate voting determination and cast a vote; and (iv) where the exercise of voting rights is restricted or prohibited by the terms of the security, by applicable law, or otherwise (*e.g.*, where Amida holds an interest in an issuer through participatory notes, no voting right is conferred with respect to the underlying equity).

Amida acknowledges its responsibility for identifying material conflicts of interest prior to voting proxies. Relevant personnel of Amida are expected to disclose to the CCO any personal conflicts such as director or officer positions held by them, their spouses or close relatives in a soliciting issuer or another party interested in the proxy measure (personnel having such conflicts will be prohibited from participating in or contributing to voting decisions). The CCO will also consider whether Amida has any business relationships with a soliciting issuer or another party interested in the proxy measure. The following measures may be employed when a conflict of interest is identified to insulate the voting decision from the conflict: (i) disclosing the conflict to a board of directors responsible for the Account (*e.g.*, the Account’s or a feeder fund’s board) or the Investors and obtaining voting instructions or consent from such board or Investors; (ii) voting based on the recommendations of an independent third-party such as a proxy voting service; (iii) mirror voting the proxies in the same proportion as the votes of other proxy holders; or (iv) voting in accordance with predetermined voting criteria, if it involves little or no discretion. In making voting decisions in the absence of a conflict, Amida has discretion to take action in the manner it believes to be in the best interests of the relevant Account. Amida believes that an Account’s “best interest” is served by voting in a manner believed to improve the Account’s economic interest in the subject security over the long term. That is, each Account’s best interest is the common interest that the Account, as an Investor in the soliciting issuer, shares in seeing the value of a common investment increase over time and irrespective of any political or social interests of Amida or an Investor.

## **ITEM 18: FINANCIAL INFORMATION**

A balance sheet is not required to be provided because Amida does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance. Amida has never been subject of a bankruptcy petition at any time.