

**FIRM BROCHURE**

**TWIN TREE MANAGEMENT, L.P.**

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**This brochure provides information about the qualifications and business practices of Twin Tree Management, L.P. If you have any questions about the information contained in this brochure, please contact us at (214) 979-2311. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**This brochure does not constitute an offer, solicitation or recommendation to sell or an offer to buy any securities, investment products or investment advisory services. Such an offer may only be made to eligible persons by means of delivery of offering memoranda and/or governing documents that contain a description of the material terms relating to such investment, products or services.**

**Additional information about Twin Tree Management, L.P. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

MAY 1, 2013

## **Item 2: Material Changes**

The date of our initial firm brochure was February 1, 2012. The material changes that have been made to our firm brochure since the date of our initial firm brochure are set forth below:

- Effective December 6, 2012, we and one of our affiliates rely on the exemption from Commodity Futures Trading Commission (“CFTC”) registration as a commodity pool operator provided by CFTC Rule 4.13(a)(3).

The information set forth in this brochure is qualified in its entirety by the applicable offering and/or governing documents. In the event of a conflict between the information set forth in this brochure and the information in the applicable offering and/or governing documents, such documents will control.

We encourage all clients and investors to carefully review this document in its entirety.

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## **Item 4: Advisory Business**

### **FIRM DESCRIPTION**

Twin Tree Management, L.P., a Texas limited partnership and private investment advisory firm, was formed in 2009. We provide investment management and other services with respect to our affiliated private investment funds (the “Funds”) and have full discretionary authority with respect to their investment decisions. Our investment advisory services are provided in accordance with the investment objectives and guidelines set forth in the applicable offering and governing documents. The information set forth in this brochure is qualified in its entirety by the applicable offering and governing documents.

### **PRINCIPAL OWNERS**

The general partner of Twin Tree Management is Twin Tree Capital Management, LLC, a Texas limited liability company, which is owned and controlled by John S. Sawyer and Michael E. Presley. Mr. Sawyer and Mr. Presley also are limited partners of Twin Tree Management.

### **TYPES OF ADVISORY SERVICES**

We provide investment management and other services to the Funds with respect to a relative value investment strategy that seeks to profit from perceived mispricings in the implied volatility and correlation markets. Our investment advisory services primarily involve the use of derivative instruments such as swaps, options and other structured products. We are responsible for investing and re-investing the capital of the Funds in securities, financial instruments and/or other assets in accordance with the investment objectives, policies and guidelines set forth in the applicable offering and governing documents. **See Item 8 below.**

We tailor our advisory services to the individual needs and objectives of the Funds, and investors are not permitted to impose restrictions and/or limitations on the Funds’ investments and strategies. However, we may enter into side agreements and other arrangements with certain investors that alter or modify the terms of the interests held thereby.

### **ASSETS UNDER MANAGEMENT**

As of March 31, 2013, we had approximately \$222.5 million in regulatory assets under management. All of these assets were managed on a discretionary basis.

## Item 5: Fees and Compensation

### DESCRIPTION OF COMPENSATION AND FEE SCHEDULE

In consideration of our advisory services, we are entitled to receive management fees, and one of our affiliates is entitled to receive performance allocations, with respect to the Funds. While our fees are described in detail in the applicable governing and offering documents, a brief summary of our advisory fees is set forth below.

#### Management Fees

We generally are entitled to receive an annual management fee, payable on the first business day of each calendar quarter in advance, equal to (a) 0.50% (2.0% per annum) of the net asset value of each Class A separate account of an investor and (b) 0.25% (1.0% per annum) of the net asset value of each Class B separate account of an investor.

#### Performance Allocation

Subject to a high water mark and certain other limitations, at the end of each fiscal year (and at such other times set forth in the applicable partnership agreement), a performance allocation equal to (a) twenty percent (20%) of the net profits allocable to each Class A separate account of an investor for the applicable fiscal period and (b) ten percent (10%) of the net profits allocable to each Class B separate account of an investor for the applicable fiscal period, is reallocated from such separate account to the separate account of Twin Tree SLP, L.P., one of our affiliates (the “SLP”).

A cumulative net loss account (also known as a “high water mark”) is maintained with respect to each separate account of an investor. At the end of each performance period, each cumulative net loss account is debited with the cumulative amount of net losses, if any, allocated to the relevant separate account since the immediately preceding date as of which a calculation of the performance allocation was made (or if no calculation has yet been made with respect to such separate account, since such separate account’s establishment) and credited (but not below zero) with the cumulative net profits, if any, allocated to such separate account since the immediately preceding date as of which a calculation of a performance allocation was made (or the establishment of such separate account, if applicable). The SLP is not allocated any performance allocation with respect to a separate account until the debit balance in the corresponding cumulative net loss account has been reduced to zero.

Each investor in the Funds generally is required to represent that it is (among other things) a “qualified purchaser” as such term is defined in Section 2(a)(51)(A) under the Investment Company Act of 1940, as amended (the “Company Act”).

Our advisory fees generally are not negotiable. However, we have entered and may enter into side letters or similar arrangements with investors that grant different and more preferential terms (including the reduction or elimination of fees) to such investors than the terms generally applicable to other investors. As described in the offering documents, we have entered into a seed letter arrangement (“Seed Agreement”) with certain seed investors, pursuant to which the seed investors have contributed an aggregate of \$24 million to one of the Funds. In consideration of such capital contribution, the seed investors have been granted certain preferential rights and terms including (a) lower management fees and performance allocations, (b) participation rights in our gross revenues and (c) preferential informational rights.

### PAYMENT OF FEES

Management fees are payable by investors quarterly, in advance, as of the first business day of each calendar quarter. Management fees are deducted directly from the separate account(s) of each limited partner. In the event that a Fund is dissolved, a limited partner withdraws or our advisory services are terminated prior to the end of any calendar quarter, then an amount equal to a *pro rata* portion of the management fee, based on the actual number of days remaining in such quarter, will be refunded to the applicable limited partner(s). Management fees will also be prorated with respect to capital contributions made by investors during a calendar quarter.

Performance allocations are calculated and re-allocated as of the end of each calendar year (and at such other times as set forth in the partnership agreements). Performance allocations are re-allocated directly from each separate account of a limited partner to the separate account of the SLP.

## **OTHER FEES AND EXPENSES**

In addition to management fees and performance allocations, each Fund generally bears all costs and expenses relating to the Fund's activities (other than organizational expenses of the Fund), including the following: (a) all expenses incurred in connection with the offering, including, but not limited to, documentation of performance and the admission of investors, (b) all operating expenses of the Fund such as tax preparation fees (including, without limitation, any such fees related to the preparation of tax returns and Schedule K-1s), governmental fees and taxes (or any other governmental charges levied against the Fund), administrator fees, communications with investors and ongoing legal, accounting, auditing, administration, appraisal, bookkeeping, consulting and other professional fees and expenses, including for litigation, and preparation of the Fund's financial statements and reports, (c) all Fund costs, expenses and charges incurred in connection with the investment and trading activities of the Fund, (d) professional and other advisory and consulting expenses and travel expenses incurred in connection with investment due diligence, monitoring or the assertion of rights or pursuit of remedies (including, without limitation, pursuant to bankruptcy or other legal proceedings or participation in informal committees of creditors or other security holders of an issuer), (e) all fees and other expenses incurred in connection with the investigation, prosecution or defense of any claims by or against the Fund, (f) interest on, and fees and expenses arising out of, all borrowings made by the Fund, (g) expenses of any meetings of the investors, (h) the costs of any litigation and indemnification relating to the affairs of the Fund, (i) expenses related to third party research, publications, data and data services, including real time pricing and market information (such as Bloomberg and Reuters services) and historical pricing and other data ("Research Expenses"), (j) costs of compliance with applicable laws and regulations of governmental and self-regulatory bodies, including costs incurred by us and our affiliates in complying with laws and regulations that apply to any such entities as a result of their services to the Fund, (k) the Fund's expenses associated with maintaining the legal existence of the Fund, including directors' fees, administrators' fees, occupancy costs and other operating costs of entities that maintain their own offices in certain jurisdictions and (l) all other reasonable expenses related to the management and operation of the Fund and/or the purchase, sale or disposition of the limited partnership interests. The Funds generally are responsible for and pay any and all brokerage and custodial fees. **See Item 12 below.**

## **COMPENSATION FOR THE SALE OF SECURITIES OR OTHER INVESTMENT PRODUCTS**

Neither we nor any of our supervised persons accept compensation for the sale of securities or other investment products.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

### **PERFORMANCE-BASED FEES**

As noted under Item 5 above, the SLP generally is entitled to receive performance allocations with respect to certain of the investors in the Funds. Performance allocations could motivate us, due to our affiliation with the SLP, to make investment decisions that are riskier or more speculative than would be the case if these arrangements were not in effect. Our individual employees and affiliates who are compensated to some extent based upon trading profits for which they are responsible face the same potential conflict. Because the performance allocation is calculated on a basis that includes unrealized appreciation in the Funds' portfolio based upon values assigned by us, we face a conflict of interest in valuing the Funds' portfolio. We attempt to address these conflicts through full and fair disclosure in the offering documents and this brochure.

## **Item 7: Types of Clients**

### **TYPES OF CLIENTS AND INVESTORS**

We only provide investment advisory and supervisory services to the Funds. The Funds currently have various types of investors, including entities, funds of funds and natural persons.

### **ACCOUNT REQUIREMENTS**

The minimum initial capital contribution required for an investor in the Funds is \$1,000,000, although capital contributions of lesser amounts may be accepted in our discretion (subject to applicable regulatory requirements).

Each investor in the Funds generally is required to represent that it is, among other things, an “accredited investor,” as such term is defined in Rule 501(a) of Regulation D under the Securities Act, and a “qualified purchaser,” as such term is defined in Section 2(a)(51)(A) of the Company Act.



## Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

### METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

We provide investment advisory services with respect to a relative value investment strategy that seeks to profit from perceived mispricings in the implied volatility and correlation markets. We evaluate investment opportunities by analyzing the degree of deviation between implied volatility and forecast future realized volatility, the perceived risk associated with volatility exposure on a particular security, the expected correlations between various instruments and current portfolio composition. We generally expect that the long term correlation between the Funds' returns and the returns of major market indices will be close to zero. We generally seek to achieve volatility exposure through the use of a variety of derivative instruments including listed and over-the-counter options, variance swaps, volatility swaps, correlation swaps, convertible bonds and structured products. We also implement a hedging policy in an attempt to reduce directional and credit positions with respect to underlying securities.

Our investment process is designed to identify and profit from the perceived mispricings of volatility sensitive securities and derivative instruments. We use proprietary screening tools to systematically evaluate the universe of potential trades and focus on the most attractive opportunities for closer analysis and review. This review includes the analysis of a range of factors including the degree of deviation between implied and predicted volatility, perceived risk and the fundamentals of the underlying instruments. Ultimately, investment decisions are discretionary and made in consideration of a range of quantitative and qualitative factors, including how a prospective position would fit within the current portfolio. While the majority of investment ideas are model driven, we also regularly evaluate new trade ideas from the dealer community. Internal discussion and case by case analysis also leads to new investment ideas.

We believe in maintaining a well diversified portfolio and intend to closely monitor the portfolio's exposure to specific risk factors such as individual equities and currencies. We generally expect to hold over one hundred individual positions, and the maturities of these positions will typically be staggered across time. Thus portfolio liquidity is maintained in part by positions naturally rolling off as time passes. New trades generally are sized proportional to expected return on risk and in consideration of the goal of maintaining portfolio diversification.

For more information regarding our investment strategies and methods of analysis, please refer to the offering memoranda of the Funds. The foregoing summary is qualified in its entirety by the information contained in the Funds' offering documents.

### CERTAIN RISK FACTORS

*There can be no assurance that the Funds will achieve their investment objectives. The Funds' investment programs involve a substantial degree of risk, including risk of complete loss. Nothing in this brochure is intended to imply, and no one is or will be authorized to represent, that the Funds' investment programs are low risk or risk free. These investment programs are appropriate only for sophisticated persons who fully understand and are capable of bearing the risks of investment. Prospective investors should consider the following risks, among others, before making any investment decisions. The various risks outlined below are not the only risks associated with the Funds' investment strategies and processes and may not necessarily apply to each Fund. Investors are urged to consult with their own independent financial, legal and tax advisors before making any investment decisions. The following risks are qualified in their entirety by the risks set forth in the applicable offering documents.*

*General Economic and Market Conditions.* The success of the Funds' activities is affected by general economic and market conditions, such as changes in interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Funds' investments), trade barriers, currency exchange controls and national and international political circumstances (including wars, terrorist acts or security operations, the European debt crisis or the U.S. sequestration and debt ceiling negotiations (*i.e.*, the "fiscal cliff")). These factors may affect the level and volatility of securities prices and the liquidity of the Funds' investments. Volatility and/or illiquidity could impair the Funds' profitability or result in losses. The Funds could incur material losses even if we react quickly to difficult market conditions, and there can be no assurance that the Funds will not suffer material losses and other adverse effects from broad and rapid changes in market conditions in the future. Investors should realize that markets for the financial instruments in which the Funds invest can correlate strongly with each other at times or in ways that are difficult for us to predict. Even a well-analyzed approach may not protect the Funds from significant losses under certain market conditions.

*Investment and Trading Risks Generally.* All investments risk the loss of capital. No guarantee or representation is made that the Funds' investment programs will be successful. The Funds' investment programs involve, without limitation, risks associated with limited diversification, leverage, interest rates, currencies, volatility, tracking risks in hedged positions, security borrowing risks in short sales, credit deterioration or default risks, systems risks and other risks inherent in the Funds' activities. Certain investment techniques of the Funds may, in certain circumstances, substantially increase the impact of adverse market movements to which the Funds may be subject. In addition, the Funds' investments may be materially affected by conditions in the financial markets and overall economic conditions occurring globally and in particular countries or markets where the Funds invest their assets.

Our methods of minimizing such risks may not accurately predict future risk exposures. Risk management techniques are based in part on the observation of historical market behavior, which may not predict market divergences that are larger than historical indicators. Also, information used to manage risks may not be accurate, complete or current, and such information may be misinterpreted.

*Derivatives.* We have essentially unlimited discretion to use derivative instruments, including (among others), options (including speculative positions such as buying and writing call options and put options on either a covered or an uncovered basis), futures, forward contracts, repurchase agreements, reverse repurchase agreements and many different types of swaps involving payments based on a wide range of risks.

In many cases, derivatives provide the economic equivalent of leverage by magnifying the potential gain or loss from an investment in much the same way that incurring indebtedness would. Many derivatives provide exposure to potential gain or loss from a change in the market price of a financial instrument (or a basket or index) or other event or circumstance in a notional amount that greatly exceeds the amount of cash or assets required to establish or maintain the derivative contract. Accordingly, relatively small price movements in the underlying financial instruments or other events or circumstances may result in immediate and substantial losses to the Funds. In some cases, a Fund's exposure under a derivative contract will be limited to the amount invested (for example, when a Fund buys a call option). In other cases, the derivative contract will create an open-ended obligation (for example, when a Fund writes a call option). Many derivatives, particularly those negotiated over-the-counter, are substantially illiquid or could become illiquid under certain market conditions. As a result, it may be difficult or impossible to determine the fair value of a Fund's interest in such contracts. Many derivative contracts involve exposure to the credit risk of the counterparty, because the Fund acquires no direct interest in the underlying financial instrument, but instead depends on the counterparty's ability to perform under the contract. Further, if and when a Fund takes economic exposure through a derivative, it generally will not have any voting rights and may not be able to pursue legal remedies that would be available if it invested directly in the underlying financial instrument.

Many derivatives also involve substantial legal risk and uncertainty, because the terms of the contract may be difficult to draft, apply, interpret and enforce, particularly in the context of unforeseen market conditions or events. In many cases, the counterparty has discretion (either pursuant to the express terms of the contract or in practice) to interpret the contract, make required calculations and demand or withhold payments in the manner most favorable to the counterparty and most unfavorable to the Fund. An adverse interpretation or calculation under one derivative contract could trigger cross-defaults with other contracts and could have a materially adverse effect on the Fund's liquidity and performance. Any dispute concerning a derivative contract could be expensive and time consuming to resolve, particularly given the potential for complex and novel legal issues and the involvement of multiple legal jurisdictions. Even a favorable resolution could come too late to prevent cross-defaults, trading losses and material liquidity problems.

*Highly Volatile Markets.* The prices of financial instruments in which the Funds invest can be (and have recently been) volatile. Price movements of the financial instruments in which the Funds' assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments and national and international political and economic events and policies. The Funds are subject to the risk of failure of any of the exchanges on which their positions trade or of their clearinghouses. In addition, governments from time to time intervene in certain markets, directly and by regulation, particularly in currencies, futures and options. Such intervention is often intended to directly influence prices and may, together with other factors, cause some or all of these markets to move rapidly in the same direction. The effect of such intervention is often heightened by a group of governments acting in concert.

*Futures Contracts.* The value of futures contracts depends upon the price of the financial instruments, such as commodities, underlying them. The prices of futures contracts are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, changing supply and demand relationships, trade,

fiscal, monetary and exchange control programs and policies of governments and national and international political and economic events and policies. In addition, investments in futures contracts are also subject to the risk of the failure of any of the exchanges on which the Funds' positions trade or of their clearing houses or counterparties.

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

*Forward Contracts.* Forward contracts and options thereon, unlike futures contracts, are not currently traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in forward markets due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which we would otherwise recommend, to the possible detriment of the Funds. Market illiquidity or disruption could result in significant losses to the Funds.

*Call Options.* There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (*e.g.*, the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the securities to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option. The Funds currently only intend to sell uncovered call options.

*Put Options.* There are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (*e.g.*, the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received and gives up the opportunity for gain on the underlying security if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option. The Funds currently only intend to sell uncovered put options.

*Stock Index Options.* The Funds may also purchase and sell call and put options on stock indices listed on securities exchanges or traded in the over-the-counter market for the purpose of realizing their investment objectives or for the purpose of hedging their portfolios. A stock index or index option fluctuates with changes in the market values of the stocks included in the index. The effectiveness of purchasing or writing stock index options for hedging purposes will depend upon the extent to which price movements in a Fund's portfolio correlate with price movements of the stock indices selected. Because the value of an index option depends upon movements in the level of the index rather than the price of a particular stock, whether a Fund realizes gains or losses from the purchase or writing of options on indices depends upon movements in the level of stock prices in the stock market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular stocks. Accordingly, successful use by the Funds of options on stock indices will be subject to our ability to correctly predict movements in the direction of the stock market generally or of particular industries or market segments. This requires different skills and techniques than predicting changes in the price of individual stocks.

*Swap Agreements.* The Funds may enter into swap agreements and options on swap agreements (“swaptions”). Swap agreements are individually negotiated and can be structured to include exposure to a variety of different types of investments, asset classes or market factors. The Funds for instance, may enter into swap agreements with respect to interest rates, credit defaults, currencies, securities, indexes of securities and other assets or other measures of risk or return. Depending on their structure, swap agreements may increase or decrease a Fund’s exposure to, for example, long-term or short-term interest rates (in the United States or abroad), non-U.S. currency values, credit spreads, corporate borrowing rates or other factors such as security prices, baskets of equity securities or inflation rates. Swap agreements can take many different forms and are known by a variety of names. The Funds are not limited to any particular form of swap agreement if consistent with their investment objectives and policies.

Swap agreements tend to shift a Fund’s investment exposure from one type of investment to another. For example, if a Fund agrees to exchange payments in dollars for payments in non-U.S. currency, the swap agreement would tend to decrease the Fund’s exposure to U.S. interest rates and increase its exposure to non-U.S. currency and interest rates. Depending on how they are used, swap agreements may increase or decrease the overall volatility of a Fund’s portfolio. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, individual equity values or other factors that determine the amounts of payments due to and from the Fund. If a swap agreement calls for payments by a Fund, the Fund must be prepared to make such payments when due. In addition, if a counterparty’s creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses by the Fund.

Whether the Funds’ use of swap agreements or swaptions will be successful will depend on our ability to select appropriate transactions for the Funds. Swap transactions may be highly illiquid and may increase or decrease the volatility of a Fund’s portfolio. Moreover, the Fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. The Fund will also bear the risk of loss related to swap agreements, for example, for breaches of such agreements or the failure of the Fund to post or maintain required collateral. Many swap markets are relatively new and still developing. It is possible that developments in the swap markets, including potential government regulation, could adversely affect the Funds’ ability to terminate existing swap transactions or to realize amounts to be received under such transactions.

*Equity Swaps.* The Funds may make use of equity swaps. A swap is a contract under which two parties agree to make periodic payments to each other based on the value of a security, specified interest rates, an index or the value of some other instrument, applied to a stated or “notional” amount. An equity swap is a customized derivative instrument that entitles the counterparty to certain payments on the gain or loss on the value of an underlying equity security. Equity swaps are subject to various types of risk, including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk.

*Repurchase and Reverse Repurchase Agreements.* The Funds may enter into repurchase and reverse repurchase agreements. When a Fund enters into a repurchase agreement, it “sells” securities to a broker-dealer or financial institution, and agrees to repurchase such securities on a mutually agreed date for the price paid by the broker-dealer or financial institution, plus interest at a negotiated rate. In a reverse repurchase transaction, a Fund “buys” securities issued from a broker-dealer or financial institution, subject to the obligation of the broker-dealer or financial institution to repurchase such securities at the price paid by the Fund, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements by the Funds involves certain risks. For example, if the seller of securities to a Fund under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the Fund will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, the Fund’s ability to dispose of the underlying securities may be restricted. It is possible, in a bankruptcy or liquidation scenario, that the Fund may not be able to substantiate its interest in the underlying securities. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, the Fund may suffer a loss to the extent that it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller. Similar elements of risk arise in the event of the bankruptcy or insolvency of the buyer.

*Other Derivative Instruments.* The Funds may take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are not currently available, but that may be developed, to the extent such opportunities are both consistent with the investment objectives of the Funds and legally permissible. Special risks may apply to instruments that are invested in by a Fund in the future that cannot be determined at this time or until such instruments are developed or invested in by the Fund. Certain swaps, options

and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk.

*Hedging Transactions.* The Funds utilize financial instruments, both for investment purposes and for risk management purposes, in order to: (a) protect against possible changes in the market value of the Funds' investment portfolios resulting from fluctuations in the securities markets and changes in interest rates; (b) protect the Funds' unrealized gains in the value of their investment portfolios; (c) facilitate the sale of any such investments; (d) enhance or preserve returns, spreads or gains on any investment in the Funds' portfolios; (e) hedge against a directional trade; (f) hedge the interest rate or currency exchange rate on any of the Funds' liabilities or assets; (g) protect against any increase in the price of any securities the Funds anticipate purchasing at a later date; or (h) for any other reason that we deem appropriate.

The success of the Funds' hedging strategies depends, in part, upon our ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Funds' hedging strategies also are subject to our ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While the Funds may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Funds than if they have not engaged in such hedging transactions. For a variety of reasons, we may not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent a Fund from achieving the intended hedge or expose it to risk of loss. The Funds are not required to hedge any particular risk in connection with a particular transaction or their portfolios generally. Moreover, it should be noted that the portfolios will always be exposed to certain risks that may not be hedged. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Funds' portfolio holdings.

*Limited Diversification and Risk Management Failures.* The Funds have no formal guidelines for diversification. As a result, the Funds' portfolios could become significantly concentrated in a limited number of issuers, types of financial instruments, industries, sectors, strategies, countries or geographic regions, and any such concentration of risk may increase losses suffered by the Funds. This limited diversity could expose the Funds to losses disproportionate to market movements in general. Even when we attempt to control risks and diversify the portfolios, risks associated with different assets may be correlated in unexpected ways, with the result that the Funds face concentrated exposure to certain risks. In addition, many other investment funds pursue similar strategies, which creates the risk that many funds would be forced to liquidate positions at the same time, reducing liquidity, increasing volatility and exacerbating losses. Although we attempt to identify, monitor and manage significant risks, these efforts do not take all risks into account and there can be no assurance that these efforts will be effective. Many risk management techniques are based on observed historical market behavior, but future market behavior may be entirely different. Any inadequacy or failure in our risk management efforts could result in material losses for the Funds.

*Investments in Unlisted Securities.* The Funds may invest, to a limited extent, in unlisted securities of companies. Because of the absence of any trading market for these investments, it may take longer to liquidate, or it may not be possible to liquidate, these positions than would be the case for publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realized on these sales could be less than those originally paid by the Funds. Further, companies whose securities are not publicly traded may not be subject to public disclosure and other investor protection requirements applicable to publicly traded securities. In the event there is no trading market for these investments, the Funds value such investments based upon the fair value of such investments as determined by us.

*High-Yield Instruments.* The Funds may invest in high-yield instruments. Such instruments are generally not exchange-traded and, as a result, these instruments trade in the over-the-counter marketplace, which is less transparent than the exchange-traded marketplace. In addition, the Funds may invest in bonds of issuers that do not have publicly traded equity instruments, making it more difficult to hedge the risks associated with such investments. High-yield instruments face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower-rated and unrated debt instruments tend to reflect individual corporate developments to a greater extent than do higher-rated instruments which react primarily to fluctuations in the

general level of interest rates and tend to be more sensitive to economic conditions than are higher-rated instruments. Companies that issue such instruments are often highly leveraged and may not have available to them more traditional methods of financing. It is possible that a major economic recession could disrupt severely the market for such instruments and may have an adverse impact on the value of such instruments. In addition, it is possible that any such economic downturn could adversely affect the ability of the issuers of such instruments to repay principal and pay interest thereon and increase the incidence of default of such instruments.

*Risks Associated with Commodity Futures, Forwards and Related Instruments.* The prices of commodities contracts and all derivative instruments, including futures and options prices, can be highly volatile. Price movements of forwards, futures and other derivative contracts in which the Funds' assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies, financial instrument futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The Funds also will be subject to the risk of the failure of any of the exchanges on which their positions trade or of their clearinghouses.

Trading options on futures involves a high degree of risk. An option on a futures contract is a right to either buy or sell the underlying futures contract at a specific price. The risks of trading options on futures are similar to the risks of trading securities options. In addition, if the purchaser of an option on a futures contract exercises the option, the holder will, in effect, be buying or selling the underlying futures contract and will then be subject to the same risks as are attendant to futures trading.

*Non-U.S. Investments.* The Funds may invest in financial instruments of non-U.S. corporations and governments. Investing in the financial instruments of companies (and, from time to time, governments) outside of the United States involves certain considerations not usually associated with investing in financial instruments of U.S. companies or the U.S. government, including political and economic considerations, such as greater risks of expropriation, nationalization, confiscatory taxation, imposition of withholding or other taxes on interest, dividends, capital gains or other income, limitations on the removal of assets and general social, political and economic instability; the relatively small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; the evolving and unsophisticated laws and regulations applicable to the securities and financial services industries of certain countries; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict the Funds' investment opportunities.

*Corporate Debt.* The Funds may invest in bonds, notes, debentures or other debt instruments issued by corporations. These instruments may pay fixed, variable or floating rates of interest and may include zero coupon obligations. The Funds may invest in corporate debt instruments that have experienced or are contemplated to experience ratings downgrades. Other instruments may have the lowest quality ratings or may be unrated. Credit ratings evaluate the safety of the principal and interest payments, not the market value risk of lower-rated instruments. Such ratings also do not reflect macroeconomic or systemic risk, including the risk of increased illiquidity in the credit markets. It is also possible that a rating agency might not change its rating of a particular issue on a timely basis and, as a result, outstanding ratings may not reflect the issuer's current credit standing. Conversely, rating agencies may re-rate an instrument which could cause substantial loss as the ratings are downgraded. The Funds' investments may experience significant credit rating volatility. In addition, the Funds may be paid interest in kind in connection with their investments in corporate debt and related financial instruments (e.g., the principal owed to a Fund in connection with a debt investment may be increased by the amount of interest due on such debt investment). Such investments may experience greater market value volatility than debt obligations that provide for regular payments of interest in cash and, in the event of a default, the Funds may experience substantial losses.

*Short Selling.* The Funds' investment portfolios may include short positions. 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 a decline in the price of a particular security to the extent that such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which the Funds engage in short sales will depend upon their investment strategies and opportunities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to a Fund of buying those securities to

cover the short position. There can be no assurance that a Fund will be able to maintain the ability to borrow securities sold short. In such cases, the Fund can be “bought in” (*i.e.*, forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the security necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

*Competition.* The markets in which the Funds participate are extremely competitive. There can be no assurance that the Funds will be able to identify or successfully pursue attractive investment opportunities in this environment. We and the Funds compete with many firms, some of which may have substantially greater financial resources, more favorable financing arrangements, larger research staffs and more securities traders than are available to us and the Funds.

*Less Liquid Instruments.* Under certain market conditions, such as during volatile markets or when trading in an instrument or market is otherwise impaired, the liquidity of the Funds’ portfolio positions may be reduced. In addition, the Funds may from time to time hold large positions with respect to a specific type of instrument, which may further reduce the Funds’ liquidity. During such times, the Funds may be unable to dispose of certain assets, which would adversely affect the Funds’ ability to rebalance their portfolios or to meet withdrawal requests. In addition, such circumstances may force the Funds to dispose of assets at reduced prices, thereby adversely affecting their performance. If there are other market participants seeking to dispose of similar assets at the same time, the Funds may be unable to sell such assets or prevent losses relating to such assets. Furthermore, if the Funds incur substantial trading losses, the need for liquidity could rise sharply while their access to liquidity could be impaired. In conjunction with a market downturn, the Funds’ counterparties could incur losses of their own, thereby weakening their financial condition and increasing the Funds’ credit risk to them.

The Funds may also invest in securities that are subject to legal or other restrictions on transfer. The Funds may be contractually prohibited from disposing of such investments for a specified period of time. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. The market prices, if any, for such investments tend to be volatile and may not be readily ascertainable, and the Funds may not be able to sell them when they desire to do so or to realize what they perceive to be their fair value in the event of a sale.

*Default and Credit Risks.* The Funds may invest in debt obligations of both government and corporate issuers. These financial instruments involve the risk that the obligor either cannot or will not fulfill its obligations under the terms of the financial instrument. We and the Funds also will assume credit risk to their brokers, custodians and other counterparties in connection with brokerage arrangements, derivatives and other contractual relationships. In evaluating credit risk, we and the Funds will often be dependent upon information provided by the obligor, which may be materially inaccurate or fraudulent. Any actual default, or any circumstance that increases the possibility of such a default, could have a material adverse effect on the Funds.

*Interest Rate Risks.* The Funds’ investment program may include investments in debt securities of government and corporate issuers. These and various other assets, as well as the Funds’ borrowings, will subject the Funds to risks associated with movements in interest rates. For example, each Fund is required to manage both curve risk, which is the risk that the slope of the yield curve will vary from the slope assumed in the Fund’s strategy, and credit spread risk, which is the risk that the spreads between yields of differently rated issuers will change in a manner that adversely affects the Fund’s portfolio.

*Trading Decisions.* Trading decisions made by us are based on fundamental, technical and other analysis. Any factor that would lessen the prospect of major trends occurring in the future (such as increased governmental control of, or participation in, the financial markets) may reduce the prospect that a particular trading method or strategy will be profitable in the future. In the past, there have been periods without discernable trends and, presumably, such periods will continue to occur in the future. Moreover, any factor that would make it more difficult to execute trades at desired prices in accordance with the signals of the trading method or strategy (such as a significant lessening of liquidity in a particular market) would also be detrimental to profitability. Further, many advisors’ trading methods utilize similar analyses in making trading decisions. Therefore, bunching of buy and sell orders can occur, which makes it more difficult for a position to be taken or liquidated. No assurance can be given that the Funds’ strategies will be successful under all or any market conditions.

***Leverage Risks.*** The Funds have the power to borrow funds and may do so when we deem appropriate, including to enhance the Funds' returns and for cash management purposes (e.g., short-term borrowings to make investments in anticipation of additional subscriptions and to fund withdrawals). The Funds may borrow funds from brokers, banks and other lenders to finance their investing and trading operations, which borrowings may be secured by assets of the Funds. The use of such leverage can, in certain circumstances, maximize the losses to which a Fund's investment portfolio may be subject. Any event that adversely affects the value of an investment would be magnified to the extent that a particular asset or a Fund as a whole is leveraged. The cumulative effect of the use of leverage by the Funds in a market that moves adversely to the Funds' investments could result in a substantial loss to the Funds, which would be greater than if the Funds were not leveraged. Leverage may be achieved through, among other methods, direct borrowing, purchases of securities on margin and the use of options, futures, forward contracts, repurchase and reverse repurchase agreements and swaps. The access to capital could be impaired by many factors, including market forces or regulatory changes.

The use of margin and short-term borrowings creates several risks for the Funds. If the value of a Fund's securities falls below the margin level required by a prime broker, additional margin deposits would be required. If a Fund is unable to satisfy any margin call by a prime broker, then the prime broker could liquidate the Fund's position in some or all of the financial instruments that are in the Fund's accounts at the prime broker and cause the Fund to incur significant losses. Furthermore, secured counterparties and lenders may have the right to sell, pledge, rehypothecate, assign, use or otherwise dispose of collateral posted by the Fund. This could increase exposure to the risk of a counterparty default since, under such circumstances, the Fund may be unable to recover the posted collateral promptly or may be unable to recover all of the posted collateral. The occurrence of defaults may trigger cross-defaults under the Fund's agreements with other brokers, lenders, clearing firms or other counterparties, creating or increasing a material adverse effect on the performance of the Fund.

The purchase of options, futures, forward contracts, repurchase agreements, reverse repurchase agreements and equity swaps generally involves little or no margin deposit and, therefore, provide substantial leverage. Accordingly, relatively small price movements in these financial instruments may result in immediate and substantial losses to the Funds.

***Counterparty Risks.*** The Funds have established relationships to obtain financing, engage in derivative transactions and obtain prime brokerage services, all of which permit the Funds to trade in any variety of markets or asset classes over time; however, there can be no assurance that the Funds will be able to maintain such relationships or establish such relationships in the future. An inability to establish or maintain such relationships would limit the Funds' trading activities and could create losses, preclude the Funds from engaging in certain transactions, financing, derivative intermediation and prime brokerage services and prevent the Funds from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative and prime brokerage services provided by any such relationships before the Funds establish additional relationships could have a significant impact on the Funds' business due to their reliance on such counterparties.

Some of the markets in which the Funds may effect their transactions are "over-the-counter" or "inter-dealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes the Funds to the risk that a counterparty will not settle a transaction due to a credit or liquidity problem, thus causing the Funds to suffer a loss. In addition, in the case of a default, the Funds could become subject to adverse market movements while replacement transactions are executed. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Funds have concentrated their transactions with a single counterparty or small group of counterparties.

Furthermore, there is a risk that any of the Funds' counterparties could become insolvent and/or the subject of insolvency proceedings. If one or more of the Funds' counterparties were to become insolvent or the subject of insolvency proceedings, there exists the risk that the recovery of the Funds' securities and other assets from the Funds' prime brokers or broker-dealers will be delayed or be of a value less than the value of the securities or assets originally entrusted to such prime broker or broker-dealer.

**THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE DESCRIPTION OF ALL OF THE RISKS ASSOCIATED WITH THE INVESTMENT PROGRAMS OF THE FUNDS. PROSPECTIVE INVESTORS SHOULD READ THIS BROCHURE AND THE OFFERING AND GOVERNING DOCUMENTS OF THE FUNDS IN THEIR ENTIRETY BEFORE MAKING ANY INVESTMENT DECISIONS.**



### **Item 9: Disciplinary Information**

Not applicable.

#### **Item 10: Other Financial Industry Activities and Affiliations**

With respect to each of the Funds, we and/or one of our affiliates currently are exempt from registration with the Commodity Futures Trading Commission (the “CFTC”) as commodity pool operators pursuant to an exemption from registration provided by CFTC Rule 4.13(a)(3).

We also currently are exempt from registration with the CFTC as a commodity trading advisor pursuant to an exemption provided by CFTC Rule 4.14(a)(8).

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **CODE OF ETHICS**

We have adopted and implemented a code of ethics, which sets forth various policies and procedures applicable to our employees. Our code of ethics is primarily designed to educate employees about our philosophy regarding ethics and professionalism, emphasize our fiduciary duties to the Funds, encourage employees to comply with applicable laws, prevent the misuse of material non-public information, the circulation of rumors and other forms of market abuse and address conflicts of interest that arise from personal trading by employees. Among other things, we impose restrictions on employees relating to the purchase or sale of securities for their own accounts and the accounts of certain affiliated persons. We also maintain certain policies and procedures designed to prevent employees and principals from misusing material non-public information. A copy of our code of ethics will be made available to investors upon request.

### **OTHER ACTIVITIES**

Neither we nor any of our affiliates is required to devote all or any specific amount of time to the Funds and their investment activities, and their activities outside of the Funds may require a significant amount of time. We and certain of our affiliates may also engage in other activities in the future and such other activities may result in actual or potential conflicts of interest.

### **TRANSACTIONS INVOLVING CONFLICTS OF INTEREST**

We may enter into principal transactions and other arrangements that may be viewed as matters involving potential conflicts of interest with respect to the Funds. We will review the foregoing and other transactions involving material conflicts of interest and take such other steps as we may deem necessary to ensure that the terms of such transactions are fair and reasonable under the circumstances and, if we approve, we may consent thereto. We may (but will not be required to) seek the consent and approval of a Fund's investor committee, a majority in interest of its investors or an independent third party with respect to principal transactions, certain actual or potential conflicts of interest or other transactions requiring client consent under Rule 206(3) under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), or any other applicable laws or regulations, and the approval of any such persons will be conclusive and binding on the Fund and each of its investors.

## **Item 12: Brokerage Practices**

### **SELECTING BROKERAGE FIRMS**

In general, we have authority to select the brokers and other counterparties to be used for client transactions and negotiate commission rates and other monies paid by clients. We select broker-dealers on the basis of obtaining the best overall terms available, which we evaluate based on a variety of factors, including, among other things: the ability to achieve prompt and reliable executions at favorable prices; the operational efficiency with which transactions are effected; the financial strength, integrity and stability of the broker; the value of research or other brokerage provided; and the competitiveness of commission rates in comparison with other brokers satisfying our other selection criteria. Because commission rates in the United States as well as other jurisdictions are negotiable, selecting brokers on the basis of considerations which are not limited to applicable commission rates may at times result in higher transaction costs than would otherwise be obtainable.

### **BEST EXECUTION**

In placing orders for the purchase and sale of securities, we seek best net execution, which includes both commissions and execution prices. Orders are placed with brokers or dealers which we believe to be responsible and provide effective execution of client orders under conditions most favorable to client accounts.

### **SOFT DOLLAR PRACTICES**

Our overall policy and goal is to avoid, as much as practical, “soft dollar” arrangements and the use of soft dollars for our benefit. Nevertheless, broker-dealers may, in addition to execution, provide certain other products and services to us and the Funds including, but not limited to, routine broker research publications, pricing information, economic analyses and certain software designed to analyze trades offered by the broker-dealer.

In many instances, it is not possible or practical for us to reduce transaction costs by “unbundling” or stripping out such products and services. We generally expect to accept such products and services and may thereby be deemed to be using “soft dollars.” The term “soft dollars” refers to the receipt by an investment manager of products and services (including research) provided by brokers without any cash payment by the investment manager, based on the volume of revenues generated from brokerage commissions for transactions executed for clients of the investment manager. Where it is practical to unbundle such products and services and reduce transaction costs, we expect to do so for the benefit of the Funds.

Using soft dollars to obtain investment research and/or related services creates a conflict of interest between us and the Funds. Soft dollars may be used to acquire products and services that are not exclusively for the benefit of the Funds and that may primarily or exclusively benefit us. If we are able to acquire these products and services without expending our own resources (including management fees paid by the Funds), our use of soft dollars would tend to increase our profitability. Furthermore, we may have an incentive to select or recommend brokers based on our interest in receiving research or other products or services, rather than on the Funds’ interest in receiving most favorable execution. We do not expect to cause the Funds to pay commissions (or markups or markdowns) higher than those charged by other brokers in return for soft dollar benefits.

Soft dollar benefits generally are used to service the Funds.

During the last fiscal year, we acquired the following products or services with the Funds’ brokerage commissions: broker research publications, pricing information, economic analysis and certain software designed to analyze trades offered by broker-dealers.

Section 28(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), provides a safe harbor to advisers who use soft dollars generated by client accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to us in the performance of investment decision-making responsibilities. We intend that any soft dollars that we receive in connection with client-related matters would be within the limitations set forth in Section 28(e) of the Exchange Act.

### **BROKERAGE FOR REFERRALS**

In selecting or recommending brokers, we may consider whether we receive investor referrals from such brokers.

**DIRECTED BROKERAGE**

We do not recommend, request or require clients to direct us to execute transactions through a specified broker-dealer. We also do not permit clients to direct brokerage for order execution purposes.

### **Item 13: Review of Accounts**

#### **REVIEWS OF ACCOUNTS**

We generally conduct reviews of the Funds and their investments on a daily basis. Our managers are responsible for reviewing the Funds and their investments. With respect to accounting matters, we have engaged an accounting firm to conduct annual audits of the Funds.

We invest the capital of the Fund's in securities, derivatives and other financial instruments. In monitoring the performance of the investments, we perform various levels of review. Among other items, we consider short and long-term rates of return, investment diversification and risk allocations.

#### **REPORTS TO INVESTORS**

We provide all investors in the Funds with monthly performance reports, annual audited financial statements and certain annual U.S. income tax information. All such statements and reports are written. In response to questions and requests and in connection with due diligence meetings and other communications, we provide additional information to certain investors that is not distributed to other investors.

#### **Item 14: Client Referrals and Other Compensation**

##### **THIRD PARTY COMPENSATION**

Except as described in Item 12 above, we currently do not receive any economic benefit from any non-client in connection with providing investment advisory services to our clients.

##### **REFERRALS**

We currently do not compensate any third party for investor referrals.

### **Item 15: Custody**

We are deemed to have custody of the Funds' cash and securities for purposes of Rule 206(4)-2 under the Advisers Act. In accordance with Rule 206(4)-2, the Funds' cash and securities are held with one or more qualified custodians. We may change the custodians at any time and from time to time without the consent of, or notice to, investors. We have engaged an accounting firm to conduct annual audits of the Funds, and audited financial statements (prepared in accordance with generally accepted accounting principles) are provided to investors on an annual basis. We generally provide such statements to investors within 120 days after the end of each fiscal year, but there can be no assurance that we will be successful in this regard. Qualified custodians do not provide statements directly to investors in the Funds.



## **Item 16: Investment Discretion**

### **DISCRETIONARY AUTHORITY**

We have discretionary power and authority over the types and amount of financial instruments to be bought or sold on behalf of the Funds. We have authority to determine the broker-dealer or other counterparty to be used for transactions and the negotiation of commission rates and other consideration to be paid by the Funds.

### **LIMITED POWER OF ATTORNEY**

Each investor in the Fund generally grants us a limited power of attorney to enable us to execute the Fund's partnership agreement and documents relating thereto on its behalf.

### **Item 17: Voting Client Securities**

We have the authority to vote proxies on behalf of the Funds. Our general policy is to vote proxy proposals, amendments, consents or resolutions in a manner that serves the best interests of the Funds, as we determine in our discretion. In general, we vote in accordance with the proxy voting recommendations of an industry leading proxy consulting firm, such as Institutional Shareholder Services. Investors may not direct or otherwise influence our vote with respect to any particular proxy solicitation. Clients may obtain copies of our proxy voting policy, together with information regarding how we have voted past proxies, by contacting us.

## Item 18: Financial Information

Not applicable.

## **General Information**

### **PRIVACY POLICY**

We have adopted policies and procedures reasonably designed to protect various records and information of investors. Except as set forth in the applicable offering materials and as otherwise authorized by each investor, private information about investors in the Funds is disclosed only as permitted by applicable law to our affiliates and service providers, including our accountants, attorneys, brokers, custodians, transfer agents and any other parties whose services are necessary or convenient to the operation of the Funds. Notice of our privacy policy is provided to investors in connection with their initial subscriptions for interests in the Funds and on an annual basis thereafter.

### **TRADE ERRORS**

While we endeavor to make and implement investment decisions on behalf of the Funds with the utmost care, occasional trading errors may nevertheless occur. It is our policy to correct (to the extent practicable) any trade error as soon as possible after detection and in such a manner that minimizes any impact on the Funds. Pursuant to the partnership agreements, the Funds generally will bear any losses arising from trade errors (except for errors resulting from our gross negligence, fraud or willful misconduct).