

YATALIE CAPITAL MANAGEMENT CO. CREATO FUNDS L.P

Form ADV Part 2A



January 2013

Uniform Application for Investment Adviser Registration

This brochure provides information about the qualifications and practices of Yatalie Capital Management Co. ("Yatalie"), an investment adviser registered with the United States Securities and Exchange Commission ("SEC"). Registration with the SEC does not imply that Yatalie or its employees possess a certain level of skill or training. The information in this brochure has not been approved or verified by the SEC or by any states securities authority. Please contact Yatalie if you have any questions about the contents of this brochure.

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

Item 2: Material Changes.

This brochure dated January 29, 2013 (the "Brochure"), was last updated on March 31, 2011.

In December 2013, Yatalie added Creado Funds LP, a new private fund as a client detailed in Item 4.

Yatalie Capital also adjusted its asset based fee to 4% per year for its Managed Account Program, this fee would retroactively affect assets managed between 01/01/2012 and 01/01/2013

The Yatalie Brochure may be requested by contacting Bernice Njoroge, Chief Compliance Officer, at (888)237-9749 or compliance@myyatalie.com.

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Item 4: Advisory Business.

Yatalie Capital provides discretionary investment management services to pooled investment vehicles ("funds") and managed account clients (collectively, "Clients"), both of which include, but are not limited to, corporate and public pension funds, sovereign wealth funds, endowments, foundations, family offices, and fund of funds.

Yatalie Capital began operations in 2010, providing money management and consulting services in the global Credit, equities and currency markets. Initially, these services were provided to corporations in the management of income and balance sheet exposures. Today, institutional portfolio management is Yatalie Capital's sole focus.

Yatalie Capital structures portfolios in a manner designed to produce consistent and uncorrelated returns. In contrast to the traditional approach, Yatalie Capital believes that building portfolios based on risk allocations is more effective than using capital allocations; and that investors should consider their strategic asset allocation (beta) separate from tactical moves (alpha). Yatalie Capital believes investors can dramatically improve their portfolio's overall results by separately creating a well-diversified beta portfolio that is balanced against environmental biases and calibrated to one's targeted returns, and by creating a well diversified alpha portfolio that reduces systematic biases (and also calibrated to one's targeted returns).

Yatalie Capital applies this approach to investing across the portfolios it manages. We offer Clients an active management strategy (Pure Alpha), a constrained active management strategy that invests in a subset of the markets in which Pure Alpha invests (Pure Alpha Major Markets), and an asset allocation strategy (All weather).

In December 2012, Yatalie Capital selected Interactive Brokers as its secondary provider of middle and back office services. Interactive Brokers is already the outsource provider of custodian and fund administration services for the majority of its funds. In this new configuration, Yatalie Capital retains ultimate control of Client investments and oversight for its back office, but will leverage third-party processes and technology.

Item 5: Fees and Compensation.

The fee structures below are Yatalie's standard fees. Fees are negotiable, and individual arrangements are based on Client specific factors, including, but not limited to, assets under management and the risk/return parameters of the investment. For all strategies, Yatalie offers fixed-only, performance only, and fixed plus performance fee options.

Managed Account Program (MAP)

4% per annum at all asset levels, plus 25% of profits

Monthly Administration fee of \$35

(2 % Charged one time on new accounts)

(5 to 10% early redemption charge on accounts less than 52 weeks old)

Creto Funds LP.

2% per annum at all asset levels, plus 20% of profits

(1.5 % Charged one time on new accounts)

(3% early redemption charge on accounts less than 52 weeks old)

Yatalie's standard minimum fee is \$500 per year for its Managed account Program regardless of the Client's assets under management. Yatalie often invest in other Family funds. In such cases, there will be layering of fees.

Yatalie manages all investments through separate Client accounts and commingled fund vehicles. In both cases, in addition to the fees stated above, there are additional fees born by Clients, such as auditor fees, custodian, back and middle office, and legal expenses, transaction expenses (including brokerage fees), government filing fees and external director fees. Clients may be charged additional fees by their service providers, such as a fee from a bank to wire money. Yatalie funds are responsible for their various organizational, administrative, offering and operational expenses.

For investors who invest through Yatalie's funds, fees are generally deducted directly from the investor's capital account, but fund investors may be billed separately based on investor requirements. For managed account Clients, Yatalie bills Clients separately, and Clients can direct that their fees be deducted from their account or may choose to pay from a separate account. Generally, fees are assessed and paid quarterly, but on occasion are assessed and paid annually. All fees are billed in arrears.

Yatalie does not act in any capacity as a broker-dealer, and accordingly, Yatalie does not receive any compensation for acting as a broker-dealer. In addition, neither Yatalie nor any of its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

For more information see Item 12, specifically Yatalie's soft dollar policy.

Item 6: Performance Based Fees and SideBySide Management.

As noted in Item 5, Yatalie charges performance-based fees.

Yatalie undertakes to act in a fair and equitable manner and to resolve and mitigate conflicts or potential conflicts in a timely manner. Because Yatalie has the responsibility for managing more than one account, often with different fee structures, (e.g., side-by-side management), potential conflicts of interest can arise.

First, there is a potential for providing preferential treatment to one account or fund over others in terms of allocation of management time, resources, and investment opportunities. To mitigate the risk of favoring certain Clients over others, Yatalie has implemented policies and procedures to address trade allocation decisions, order aggregation and brokerage allocation decisions. These policies and procedures (discussed more fully in Item 12) seek to ensure fair allocation of investment opportunities among all Clients. Yatalie's Account Management and Compliance departments periodically examine performance dispersion among accounts employing similar investment strategies to ensure that any material divergence in expected performance is adequately understood.

Second, there is the incentive to trade some accounts more aggressively than others in an effort to maximize the profits for those accounts in which Yatalie would share through a performance-based fee. To mitigate that risk, Yatalie designs its systematic portfolio construction system and randomized trade allocation policies and procedures (discussed more fully in Item 12) to minimize any potential for bias.

In some cases, Yatalie has entered into performance-based fee arrangements with managed account Clients. Such fees are subject to negotiation with each such Client. Yatalie structures any performance or incentive fee arrangement subject to Section 205(a)(1) and Rule 205-3 of the Investment Advisers Act of 1940 (the "Advisers Act").

Item 7: Types of Clients.

Yatalie provides investment management services to institutional and private clients, including, but not limited to, corporate and public pension funds, sovereign wealth funds, endowments, foundations, family offices and fund of funds, through both managed accounts and commingled fund vehicles.

To invest with Yatalie, prospective investors should familiarize themselves with the legal requirements and tax consequences specific to each fund investment or separately managed account. For fund investments, any purchase made on the basis of information inconsistent or not contained in the offering memorandum(s) provided to the prospective investor will be at the sole risk of the investor.

Prospective fund investors are required to complete a subscription agreement, which will require disclosure of certain private information required to substantiate the investor's identity and investment qualifications. Fund investors should be sophisticated investors who (i) can afford the risks associated with futures, commodities, currencies, options, forwards and other derivatives trading in fixed income and equity securities, and (ii) have sufficient knowledge and experience in financial and business matters to evaluate the risk of an investment in a fund or account managed by Yatalie and determine its suitability.

Generally, the minimum initial investment in a fund managed by Yatalie is \$50000. However, the directors in the case of an offshore fund and the manager or member manager, as applicable, in the case of an onshore fund, may accept initial subscription amounts below such minimum. The directors, manager and member manager of the funds, as applicable, are generally free to accept or reject subscriptions

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

Pure Alpha is an active management strategy that is based on the belief that the returns of asset classes are primarily driven by changing fundamental conditions. Yatalie has been managing Pure Alpha since 1991. It represents the best of Yatalie's active management capabilities, allowing it to capitalize on all perceived opportunities and balance them optimally. The strategy is structured around Yatalie's proprietary fixed income, equity, currency, and commodity trading strategies, which are the direct products of over 35 years of research into the fundamental drivers of global asset returns. These individual strategies are systematically combined into a single alpha strategy. Yatalie's Pure Alpha strategy has the flexibility to establish long, short, or spread positions across the above markets. The strategy utilizes a broad variety of instruments in its implementation, including, but not limited to, exchange traded futures contracts, over the counter (OTC) derivatives, cash securities, and spot and forward contracts in the international currency market.

As the overall capacity of the Pure Alpha strategy is constrained by a subset of the markets with limited remaining liquidity, Yatalie also offers a modified version of its Pure Alpha strategy, called Pure Alpha Major Markets. This strategy includes those markets where liquidity is not a constraint for Pure Alpha, which represents about 2/3 of the Pure Alpha risk budget. The same indicators are utilized within each of the markets as in Pure Alpha, except for those based on shorter-term measures that move around more and lead to higher turnover. The strategy utilizes a broad variety of instruments in its implementation, including, but not limited to, exchange traded futures contracts, OTC derivatives, cash securities, and spot and forward contracts in the international currency market.

All Weather is Yatalie's optimal strategic asset allocation. Instead of generating returns through trading active views, All Weather seeks to collect asset class risk premiums in an optimal way. All Weather's diversification is based on Yatalie's understanding of the structural relationship of asset classes to different economic environments. Yatalie identifies assets that naturally diversify each other based on their fundamental relationship to changing growth and inflation environments and allocate risk exposure with the objective of creating a portfolio that is balanced to perform well regardless of shifts in the economic environment. These asset classes include the fixed-income, inflation linked bond, equity, and commodity markets. The strategy utilizes a broad variety of instruments in its implementation, including, but not limited to exchange traded futures contracts, OTC derivatives, cash securities, and spot and forward contracts in the international currency market.

An investment in any of the above referenced strategies involves a high degree of risk. An investment in the strategies is considered appropriate only for sophisticated or professional Clients who can afford the risks associated with trading in the markets. Each Client must have enough knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of such an investment. No guarantee or representation is made that the strategies will be successful, that the targeted return and risk will be achieved or maintained, or that the various investments made in the strategies will have low correlation with each other or with the financial markets in which the strategies invest.

The risk of loss in investing in the strategies can be substantial, including the potential loss of the entire amount invested by a Client in a fund. Separately managed account Clients can potentially lose more than their investment if the account is highly-leveraged. Prospective Clients should therefore carefully consider whether such an investment is suitable for them in light of their financial condition. Before investing in the strategies, prospective Clients should be aware of the risks associated with an investment in the strategies, which include, but are not limited to, the risk factors listed below.

Risks of Investing in Certain Instruments

Asset-Backed Securities. The strategies may invest in mortgage-backed securities and other asset-backed securities, whose investment characteristics differ from traditional debt securities. Among the major differences are that interest and principal payments are made more frequently, usually monthly, and that principal may be prepaid at any time because the underlying mortgage loans or other assets generally may be prepaid at any time. Mortgage-backed securities and asset-backed securities may also be subject to call risk and extension risk. For example, because homeowners have the option to prepay their mortgages, the duration of a security backed by home mortgages can either shorten (*i.e.*, call risk) or lengthen (*i.e.*, extension risk). In general, if interest rates on new mortgage loans fall sufficiently below the interest rates on existing outstanding mortgage loans, the rate of prepayment would be expected to increase. Conversely, if mortgage loan interest rates rise above the interest rates on existing outstanding mortgage loans, the rate of prepayment would be expected to decrease. In either case, a change in the prepayment rate can result in losses to investors or significantly impact the expected internal rate of return. The same would be true of asset-backed securities, such as securities backed by car loans.

Below Investment-Grade Debt. The strategies may invest in below investment-grade fixed income securities. Bonds and other fixed income securities, including, without limitation, “higher yielding” (and, therefore, higher risk) below investment-grade debt securities entail certain risks. Such securities may 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. High yield bonds (commonly known as “junk bonds”) and other debt securities that may be acquired by the strategies may be junior to the obligations of companies to senior creditors, trade creditors and employees. The lower rating of high yield debt reflects a greater possibility that adverse changes in the financial condition of the issuer or in general economic, financial, competitive, regulatory or other conditions may impair the ability of the issuer to make payments of principal and interest. High yield debt securities have historically experienced greater default rates than investment grade securities.

Corporate Debt Securities. The strategies may invest directly or indirectly in corporate debt. Corporate debt securities are subject to the risk of the issuer’s inability to meet principal and interest payments on the obligation and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity. When interest rates decline, the value of corporate debt securities can be expected to rise, and when interest rates rise, the value of those securities can be expected to decline. Debt securities with longer maturities tend to be more sensitive to interest rate movements than those with shorter maturities.

Credit Default Swaps. The strategies may purchase and sell credit derivatives contracts—primarily credit default swaps—both for hedging and other purposes. The typical credit default swap contract requires the seller to pay to the buyer, in the event that a particular reference entity experiences one or more specified credit events, the difference between the notional amount of the contract and the value of a portfolio of securities issued by the reference entity that the buyer delivers to the seller. In return, the buyer agrees to make periodic payments equal to a fixed percentage of the notional amount of the contract. In circumstances in which the strategies do not own the debt securities that are deliverable under a credit default swap, the strategies are exposed to the risk that deliverable securities will not be available in the market, or will be available only at unfavorable prices, as would be the case in a so-called “short squeeze.” In certain instances of issuer defaults or restructurings, it has been unclear under the standard industry documentation for credit default swaps whether a “credit event” triggering the seller’s payment obligation had occurred.

As a seller of credit default swaps, the strategies incur leveraged exposure to the credit of the reference entity and are subject to many of the same risks they would incur if they were holding debt securities issued by the reference entity. However, the strategies will not have any legal recourse against the reference entity and will

not benefit from any collateral securing the reference entity's debt obligations. In the event the ISDA Credit Derivatives Determinations Committee does not establish a cash settlement auction and identify the relevant deliverable securities, the credit default swap buyer will have broad discretion to select which of the reference entity's debt obligations to deliver to the strategies following a credit event and will likely choose the obligations with the lowest market value in order to maximize the payment obligations of the strategies. In addition, credit default swaps generally trade on the basis of theoretical pricing and valuation models, which may not accurately value such swap positions when established or when subsequently traded or unwound under actual market conditions.

Derivative Instruments, Generally. The strategies may make extensive use of derivatives. Derivatives are financial instruments that derive their value, at least in part, from the performance of an underlying asset, index, or interest rate. Examples of derivatives include, but are not limited to, swap agreements, futures contracts, options contracts, and options on futures contracts.

The strategies' use of derivatives involves risks different from, or possibly greater than, the risks associated with investing directly in securities or more traditional investments, depending upon the characteristics of the particular derivative and the strategies' portfolios as a whole. Derivatives permit the strategies to increase or decrease the level of risk of their portfolios, or change the character of the risk to which their portfolios are exposed, in much the same way as the strategies can increase or decrease the level of risk, or change the character of the risk, of their portfolios by making investments in specific securities. Certain swaps, options, and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, counterparty credit risk, legal risk, clearing member risk and operations risk. The pricing relationships between derivatives and the instruments underlying such derivatives may not correlate with historical patterns, resulting in unexpected losses. In addition, swaps and other derivatives can involve significant economic leverage and may, in some cases, involve significant risk of loss.

Derivatives may entail investment exposures that are greater than their cost would suggest, meaning that a small investment in derivatives could have a large potential impact on the strategies' performance. If the strategies invest in derivatives at inopportune times or judges market conditions incorrectly, such investments may lower the strategies' return or result in a loss which could be significant. Derivatives are also subject to various other types of risk, including market risk, liquidity risk, structuring risk, counterparty financial soundness, creditworthiness and performance risk, legal risk, and operations risk. For example, the strategies could experience losses if the strategies are unable to liquidate their positions because of an illiquid secondary market or has to liquidate positions at a lower price than if the market were liquid. The market for many derivatives is, or suddenly can become, illiquid. Changes in liquidity may result in significant, rapid, and unpredictable changes in the prices for derivatives.

Engaging in derivative transactions involves a risk of substantial loss to the strategies. No assurance can be given that a liquid market will exist for any particular contract at any particular time.

The regulation of derivative instruments is evolving, and significant changes in such regulation have been enacted or proposed and may adversely affect the strategies. For example, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Reform Act) would, among other things, require many OTC derivatives to be cleared through regulated clearing organizations, give the CFTC and the SEC the authority to limit and/or suspend trading in such instruments and impose certain recordkeeping requirements relating to transactions in such instruments. While there may be benefits to any such increased regulation and oversight, it may also have the effect of increasing costs associated with, limiting or restricting trading in OTC instruments by the strategies and may make the OTC derivatives markets generally less liquid and more volatile.

Derivatives with Respect to High-Yield and Other Indebtedness. The strategies may engage in trading of derivatives with respect to high yield and other debt. In addition to the risks associated with holding high

yield debt securities, with respect to derivatives involving high yield and other debt, the strategies will usually have a contractual relationship only with the counterparty of the derivative, and not with the issuer of the indebtedness. Generally, the strategies will have no right to directly enforce compliance by the issuer with the terms of the derivative or the underlying debt, any rights of set-off against the issuer or any voting rights with respect to the indebtedness. The strategies will not directly benefit from the collateral supporting the underlying indebtedness or have the benefit of the remedies that would normally be available to a holder of the indebtedness. In addition, in the event of the insolvency of the counterparty to the derivative, the strategies will not have any claim with respect to the underlying indebtedness. Consequently, the strategies will be subject to the credit risk of the counterparty as well as that of the issuer of the indebtedness. As a result, concentrations of such derivatives in any one counterparty may subject the strategies to an additional degree of risk with respect to defaults by such counterparty as well as by the issuer of the underlying indebtedness. While key provisions of the Reform Act are intended to reduce counterparty credit risk related to derivatives transactions, the Reform Act's success in this regard will depend on the implementation of many rules and regulations, a process that may take several years.

Emerging Markets Investing Involves Particular Risks. The strategies may invest in undeveloped, non-U.S. countries that are considered to be "emerging markets." These markets present unusual risks, including government instability, political risk, lack of or less than transparent priority, the imposition of currency controls, expropriation risk, the application of various laws and regulations, including anti-money laundering laws and non-U.S. tax laws. Fundamental investing strategies in emerging markets are subject to increased risks due to the risk of other market participants having better access to relevant market information.

Equity and Equity-Related Securities and Instruments. The strategies may take long and short positions in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and OTC markets. The strategies may also, directly or indirectly, purchase equity-related securities and instruments, such as convertible securities, warrants, stock options, and individual stock futures. There are no absolute restrictions in regard to the size or operating experience of the companies in which the strategies may invest (and relatively small companies may lack management depth or the ability to generate internally, or obtain externally, the funds necessary for growth and companies with new products or services could sustain significant losses if projected markets do not materialize). The value of equity securities varies in response to many factors. Factors specific to an issuer, such as certain decisions by management, lower demand for its products or services, or even the loss of a key executive, among other things, could result in a decrease in the value of the issuer's securities. Factors specific to the industry in which the issuer participates, such as increased competition or costs of production or consumer or investor perception, can have a similar effect. The value of an issuer's stock can also be adversely affected by changes in financial markets generally, such as an increase in interest rates or a decrease in consumer confidence, that are unrelated to the issuer itself or its industry. Stock which the strategies have sold short may be favorably impacted (to the detriment of the strategies) by the same factors (e.g., decreased competition or costs or a decrease in interest rates). In addition, certain options and other equity-related instruments may be subject to additional risks, including liquidity risk, counterparty credit risk, legal risk, and operations risk, and may involve significant economic leverage and, in some cases, be subject to significant risks of loss. These factors and others can cause significant fluctuations in the prices of the securities in which the strategies invest and can result in significant losses.

Exchange-Traded Funds ("ETFs"). ETFs represent shares of ownership in either funds or unit investment trusts that hold portfolios of common stocks, bonds or other instruments, which are designed to generally correspond to the price and yield performance of an underlying index. A primary risk factor relating to ETFs is that the general level of stock or bond prices may decline, thus affecting the value of an equity or fixed income ETF, respectively. An ETF may also be adversely affected by the performance of the specific sector or group of industries on which it is based. Moreover, although ETFs are designed to provide investment results that generally correspond to the price and yield performance of their underlying indices, ETFs may not be

able to exactly replicate the performance of the indices because of various sources of tracking error, including their expenses and a number of other factors.

Fixed Income Securities, Generally. The strategies may invest in fixed income securities. Investment in these securities may offer opportunities for income and capital appreciation, and may also be used for temporary defensive purposes and to maintain liquidity. Fixed income securities are obligations of the issuer to make payments of principal and/or interest on future dates, and include, among other securities: bank debt, bonds, notes, and debentures issued by corporations; debt securities issued or guaranteed by the U.S. government or one of its agencies or instrumentalities or by a non-U.S. government or one of its agencies or instrumentalities; municipal securities; and mortgage-backed and asset-backed securities. These securities may pay fixed, variable, or floating rates of interest, and may include zero coupon obligations. Fixed-income securities are subject to the risk of the issuer's or a guarantor's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to factors such as interest rate sensitivity, market perception of the creditworthiness of the issuer, and general market liquidity (i.e., market risk). The strategies' fixed income investments may be subject to early redemption features, refinancing options, pre-payment options or similar provisions which, in each case, could result in the issuer repaying the principal on an obligation held by the strategies earlier than expected. This may happen when there is a decline in interest rates or when a borrower's performance allows the refinancing of certain classes of debt with lower cost debt. To the extent early prepayments increase, they may have a material adverse effect on the strategies' investment objectives and the profits on capital invested in fixed income investments. When interest rates decline, the value of the strategies' fixed-income securities can be expected to rise, and when interest rates rise, the value of those securities can be expected to decline. As with other investments made by the strategies, there may not be a liquid market for any of the debt instruments in which the strategies invests, which may limit the strategies' ability to sell these debt instruments or to obtain the desired price.

Non-U.S. Futures. Foreign futures transactions involve executing and clearing trades on non-U.S. futures exchanges. This is the case even if the foreign exchange is formally "linked" to a U.S. futures exchange, whereby a trade executed on one exchange liquidates or establishes a position on the other exchange. No U.S. organization regulates the activities of a foreign exchange, including the execution, delivery, and clearing of transactions on such an exchange, and no domestic regulator has the power to compel enforcement of the rules of the foreign exchange or the laws of the foreign country. Moreover, such laws or regulations will vary depending on the foreign country in which the transaction occurs. For these reasons, the strategies may not be afforded certain of the protections which apply to domestic transactions, including the right to use domestic alternative dispute resolution procedures. In particular, funds received from customers to margin foreign futures transactions may not be provided the same protections as funds received to margin futures transactions on domestic exchanges. In addition, the price of any foreign futures or option contract and, therefore, the potential profit and loss resulting therefrom, may be affected by any fluctuation in the foreign exchange rate between the time the order is placed and the time the foreign futures contract is liquidated or the foreign option contract is liquidated or exercised.

The successful use of futures for speculative purposes is subject to the ability to predict correctly movements in the direction of the relevant market, and, to the extent the transaction is entered into for hedging purposes, to ascertain the appropriate correlation between the transaction being hedged and the price movements of the futures contract.

Trading in Forward Contracts. The strategies may engage in the trading of forward contracts. In contrast to contracts traded on an exchange, forward contracts are not guaranteed by any exchange or clearinghouse and are subject to the creditworthiness of the counterparty of the trade. Banks and other dealers with whom the strategies may transact in such forwards may require the strategies to deposit margin with respect to such trading, although margin requirements are often minimal or nonexistent. The strategies' counterparties are not required to continue to make markets in such contracts and these contracts can experience periods of

illiquidity, sometimes of significant duration. There have been periods during which certain counterparties have refused to continue to quote prices for forward contracts or have quoted prices with an unusually wide spread (the difference between the price at which the counterparty is prepared to buy and that at which a seller is prepared to sell). Arrangements to trade forward contracts may be made with only one or a few counterparties, and liquidity problems therefore might be greater than if such arrangements were made with numerous counterparties. In addition, disruptions can occur in any market traded by the strategies due to unusually high trading volume, political intervention, or other factors. The risk of market illiquidity or disruption could result in major losses to the strategies.

Futures. The strategies may engage in the trading of futures. Futures positions may become 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. It is also possible that an exchange or the CFTC may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, implement retroactive speculative position limits, or order that trading in a particular contract be conducted for liquidation only. The circumstances described above could prevent the strategies from liquidating unfavorable positions promptly and subject the strategies to substantial losses. These circumstances could also impair the strategies’ ability to withdraw their investments to satisfy redemption requests by Clients in a timely manner. In rare instances, a futures position that is not offset before it expires may result in physical delivery of an underlying commodity which may result in increased transaction costs for the strategies and subject the strategies to additional risks related to such physical delivery. The minimum amount of margin required in connection with a particular futures interest contract is set from time-to-time by the exchange on which such futures contract is traded, and may be modified from time-to-time by the exchange during the term of the futures contract. Additionally, the futures commission merchant may require an amount of margin that exceeds such minimum requirements. Should the applicable exchange and/or the futures commission merchant increase its/their minimum margin requirements, the strategies may have less investible assets, which may adversely affect the ability of the strategies to achieve their investment objective.

Futures exchanges may impose position accountability limits (the “Position Accountability Limits”), with respect to certain futures contracts traded on each particular futures exchange. Position Accountability Limits are triggers that would bring the strategies position(s) to the attention of the exchange. Through the application of Position Accountability Limits, exchanges can prohibit an investor from holding a position of more than a specific number of futures contracts. Under the rules of a futures exchange, if the strategies hold a certain number of futures contracts approaching the Position Accountability Limit, the strategies may be required by the futures exchange to limit or decrease its holdings of such futures contracts pursuant to the futures exchange’s Position Accountability Limits. If the strategies are required to either limit or decrease their holdings of such futures contracts, or if an exchange lowers its Position Accountability Limits, the strategies may be adversely affected and may not be able to achieve their investment objectives.

Inflation-Linked Fixed Income Securities. The strategies may invest in inflation-linked fixed income securities. Inflation-linked fixed income securities are fixed income securities whose principal value is periodically adjusted according to the rate of inflation in a particular market. Further, in certain interest rate environments, such as when real interest rates are rising faster than nominal interest rates, inflationprotected securities may experience greater losses than other fixed income securities with similar durations.

In addition, while inflation-linked securities and instruments generally are expected to be protected from long-term inflationary trends, short-term increases in inflation may lead to a decline in their value. There can be no assurance that the inflation indices to which such securities are linked can accurately measure the real rate of inflation in the prices of goods and services. In any event, the value of an inflation index will lag

Investments in Certain Metals and Commodities. The strategies may invest directly or indirectly in metals, commodities and similar materials. Since such investments do not generate any investment income, the sole source of return from such investments would be from gains realized on sales of the investments, and a negative return would be realized to the extent such investments are sold at a loss. Certain metals, commodities and similar materials may incur storage or insurance costs that are higher than the custody fees paid on traditional financial assets. Prices of such metals, commodities and materials are affected by factors such as cyclical economic conditions, political events, and monetary policies of various governments and countries. Certain metals, commodities and similar materials are also subject to governmental action for political reasons. There is also a risk that such metals, commodities or similar investments could be lost, damaged or stolen or that access to such investments could be restricted by natural events (e.g., force majeure) or tortious human actions. Markets are therefore at times volatile, and there may be sharp fluctuations in prices even during periods of rising prices.

Non-U.S. Government Obligations and Related Risks. The strategies may invest in non-U.S. government obligations. Investments by the strategies in non-U.S. debt securities, whether issued by a non-U.S. government, bank, corporation or other issuer, may present a greater degree of risk than investments in securities of domestic issuers because of less publicly-available financial and other information, less securities regulation, potential imposition of foreign withholding and other taxes, war, expropriation or other adverse governmental actions. Non-U.S. banks and their non-U.S. branches are not regulated by U.S. banking authorities, and generally are not bound by the accounting, auditing and financial reporting standards applicable to U.S. banks. The legal remedies of investors may be more limited than the remedies available in the United States.

Obligations of Governments, Their Agencies and Instrumentalities. The strategies may invest in government securities. Government securities are obligations of, or are guaranteed by, governments, their agencies or instrumentalities. These instruments include bills, certificates of indebtedness and notes and bonds issued by governments or by government agencies or instrumentalities. Some government securities, such as U.S. Treasury bills and bonds, are supported by the full faith and credit of the government treasury; others are supported by the right of the issuer to borrow from the government treasury; others are supported by the discretionary authority of the government to purchase the agency's obligations; still others are supported only by the credit of the instrumentality.

Obligations of Supranational Organizations. The strategies may invest in the obligations of supranational organizations. Supranational organizations include international organizations designated or supported by governmental entities to promote economic reconstruction or development and international banking institutions and related government agencies. Examples include the World Bank, the European Investment Bank, the European Bank for Reconstruction and Development, the Asian Development Bank and the Inter-American Development Bank. Such supranational issued instruments may be denominated in multinational currency units. Obligations of the World Bank and certain other supranational organizations are supported by subscribed but unpaid commitments of member countries. There is no assurance that these commitments will be undertaken or complied with in the future.

Other Debt Instruments. The strategies may invest directly or indirectly in other instruments, including but not limited to, collateralized mortgage obligations, collateralized bond obligations and collateralized loan obligations or otherwise obtain synthetic exposure to fixed income instruments through the use of credit derivatives. Certain investments may be fixed pools or may be "market value" or managed pools of collateral which are typically separated into tranches representing different degrees of credit quality, with lower rated tranches being subordinate to senior tranches. The returns on the junior tranches of such pools are especially sensitive to the rate of defaults in the collateral pool. In addition, the exercise of redemption rights, if any, by more senior tranches of such pools and certain other events could result in an elimination, deferral or reduction in the funds available to make interest or principal payments to the junior tranches of such

pools. The strategies may invest in zero coupon bonds and deferred interest bonds, which are debt obligations issued at a significant discount from face value. The original discount approximates the total amount of interest the bonds will accrue and compound over the period until maturity or the first interest accrual date at a rate of interest reflecting the market rate of the security at the time of issuance. While zero coupon bonds do not require the periodic payment of interest, deferred interest bonds generally provide for a period of delay before the regular payment of interest begins. Such investments experience greater volatility in market value due to changes in interest rates than debt obligations which provide for regular payments of interest, and the strategies may accrue income on such obligations even though they receive no cash. The strategies may also purchase loans as participations from certain financial institutions and the strategies may be subject to the credit risk of the selling financial institution as well as that of the underlying borrower.

Options. The strategies may trade options. There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (i.e., the writer holds the underlying security) keeps the risk of a decline in the market price of the underlying security below the purchase price of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option (but keeps the premium for such option). The seller of an uncovered call option also keeps the premium for such option but assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The buyer of a call option assumes the risk of losing the premium paid for the call option, plus the buyer's opportunity costs.

In addition, there are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (i.e., the writer has a short position in the underlying security) keeps the risk of an increase in the market price of the underlying security above the transactional 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 below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position may be "fully hedged" if the option owned expires at the same time or later than the option written. 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 (but keeps the premium for such option). The buyer of a put option assumes the risk of losing the premium paid for the put option, plus the buyer's opportunity costs.

The strategies may also trade foreign options contracts. Transactions on markets located outside the United States, including markets formally linked to a United States market, may be subject to regulations that offer different or diminished protection to the strategies and their Clients. Further, United States regulatory authorities may be unable to compel the enforcement of the rules of regulatory authorities or markets in non-United States jurisdictions where transactions for the strategies may be effected.

Registered Investment Companies. The strategies may invest in "investment companies" that are registered with the SEC pursuant to the Investment Company Act (each, a "RIC"). The strategies are limited, under Section 12(d)(1) of the Investment Company Act, from acquiring the securities issued by RICs in certain circumstances. Such limitations include a restriction on the strategies being able to own in the aggregate more than three percent of the total outstanding voting stock of any RIC. Such restrictions may materially limit the strategies' ability to own securities of any particular RIC or to fully implement their investment objectives.

Investments in RICs are often subject to sales charges and charges assessed in connection with selling such an investment prior to the expiration of a set period of time. Yatalie Capital is not required to minimize any such

Repurchase and Reverse Repurchase Agreements. The strategies may enter into repurchase or reverse repurchase agreements. These arrangements involve the purchase of securities by a party that simultaneously agrees to resell such securities to the original seller at a predetermined price and time, thereby determining the yield on the purchase money during the reverse repo period. The purchaser bears the risk that the original seller will not pay the agreed upon repurchase price on the closing date. Although the repurchase agreement provides that, in the event of default, the purchaser is entitled to sell the purchased securities to third parties, the purchaser will incur a loss if such default occurs when the value of the purchased securities is less than the agreed-upon repurchase price. Similarly, the original seller bears the risk that, following the appreciation of the purchased securities, the purchaser will default on its obligation to resell the securities to the original seller. In addition, like all OTC transactions, there is significant counterparty risk involved in repurchase transactions; for example, securities positions held by dealers in repurchase transactions that are transferred to others by such dealers are subject to the risk of such dealers' default or bankruptcy prior to or at the closing date.

Sovereign Debt. The strategies may purchase sovereign debt issued by governments, their agencies and instrumentalities either in the currency of their domicile or in a foreign currency. Investors in sovereign debt may be asked to participate in debt restructuring, including the deferral of interest and principal payments, and may also be requested by the issuer to extend additional loans. Recent events, including the political and economic instability in Greece, Portugal and other countries, have highlighted the risks inherent in investing in sovereign debt. It is impossible to predict whether the strategies will be able to successfully avoid losses relating to sovereign default. There is no current means of collecting on defaulted sovereign debt as part of bankruptcy or other proceedings. In addition to general default risk relating to sovereign debt, if the strategies invest in sovereign debt denominated in a currency other than the base currency (or in respect of which payments of principal or interest are paid in a currency other than the base currency), the strategies will be exposed to the risk that one or more jurisdictions may impose currency controls that would limit the strategies' ability to convert such payments of principal or interest to the base currency. It is impossible to predict whether any such currency controls will be imposed.

Swap Agreements. The strategies may enter into swap agreements. Swap agreements are privately negotiated OTC derivative products in which two parties agree to exchange actual or contingent payment streams that may be calculated in relation to a rate, index, instrument, or certain securities, and a particular "notional amount." Swaps may be subject to various types of risks, including market risk, liquidity risk, structuring risk, tax risk, and the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty. Swaps can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swaps may increase or decrease the strategies' exposure to commodity prices, equity or debt securities, long-term or short-term interest rates (in the United States or abroad), non-U.S. currency values, mortgage-backed securities, corporate borrowing rates, or other factors such as security prices, baskets of securities, or inflation rates and may increase or decrease the overall volatility of the strategies' portfolios. Swap agreements can take many different forms and are known by a variety of names. The strategies are not limited to any particular form of swap agreement if Yatalie Capital determines that other forms are consistent with the strategies' investment objective and policies. A significant factor in the performance of swaps is the change in individual commodity values, specific interest rates, currency values, or other factors that determine the amounts of payments due to and from the counterparties. If a swap calls for payments by the strategies, the strategies must have sufficient cash availability to make such payments when due. In addition, if a counterparty's creditworthiness declines, the value of a swap agreement with that counterparty would be likely to decline, potentially resulting in losses to the strategies. The Reform Act will mandate that a substantial portion of swap transactions must be executed in regulated markets and submitted for clearing to regulated clearinghouses. While these provisions are intended in part to reduce counterparty credit risk related to swap transactions, the Reform Act's success in this regard will depend on the implementation of many rules and regulations, a process that may take several years.

Additional Risks of Investing with Yatalie

Additional Information Available to Certain Clients. Certain Clients may obtain information from Yatalie regarding the strategies that is not generally available to other Clients, which may provide the recipient greater insights into the strategies activities than is included in standard reports to Clients. In determining whether to provide such information to certain Clients, Yatalie will take into account factors that it deems relevant in its sole discretion, which may include, without limitation, the type or nature of the information requested, confidentiality concerns, potential uses for such information, and the intentions of the requesting Client with respect to such information. Generally, unless a particular Client is subject to specific regulatory requirements that limit its ability to maintain certain information confidential, Yatalie does not intend to make such reports and information available to any Client unless it is satisfied, in its sole discretion, that such Client will maintain the confidentiality of the information being provided.

Availability of Investment Opportunities. There can be no assurance that Yatalie will be able to find suitable opportunities consistent with its investment approach. Market conditions may limit the availability of investment opportunities. Such limitations may cause delays in deploying the strategies' capital and may negatively impact the strategies' returns.

Competitive Markets. There can be no assurance that Yatalie will succeed in consistently identifying and securing investments on attractive terms. As a result, there can be no assurance that the strategies will be able to make portfolio investments that satisfy the strategies' return objectives or realize Yatalie's view of their potential values. There can be no assurance that such opportunities will continue to be available or that the strategies will be able to make any such investments.

Concentration Risk - Investments. The strategies may at certain times hold large positions in a relatively limited number of investments. The strategies could be subject to significant losses if they hold a relatively large position in a single issuer, industry, market or a particular type of investment that declines in value, and the losses could increase even further if the investments cannot be liquidated without adverse market reaction or are otherwise adversely affected by changes in market conditions or circumstances. The strategies' investments could potentially be concentrated in relatively few strategies, issuers, industries or markets.

Concentration Risk – Service Providers. The strategies may at certain times have a material portion of their assets exposed to the credit risk of a particular custodian, futures clearer, broker, clearinghouse, exchange or counterparty. Such a concentration could magnify the risks to the strategies of a failure of one or more of such custodians, futures clearers, brokers, clearinghouses, exchanges or counterparties.

The strategies and Yatalie are also reliant upon the proper performance of duties and obligations of their respective service providers. The strategies may be adversely impacted in a material manner if one or more of the service providers to the strategies or Yatalie fail to adequately perform their functions. In addition, key activities undertaken in connection with Yatalie's and the strategies' operations may be concentrated in one or more service providers, which may expose the strategies to risks if one or more of such service providers become incapable of providing services in the normal course.

Credit Ratings. Yatalie uses credit ratings issued by credit rating agencies as part of its evaluation of the creditworthiness of a counterparty or the safety of principal and interest payments of rated securities. These ratings do not, however, fully reflect the true risks of an investment. In addition, credit rating agencies may or may not make timely changes in a rating to reflect changes in the economy or in the condition of the issuer that affect the market value of the security. Consequently, credit ratings are used only as a partial indicator of investment quality.

ERISA Considerations. Certain assets under Yatalie's management may consist of "plan assets" subject to Title I of the U.S. Employee Retirement Income Security Act of 1974 ("ERISA") or Section 4975 of the Internal Revenue Code, in which case the management and operation of the strategies would, among other things, become subject to ERISA's fiduciary duty and prohibited transaction rules. In such a case, the strategies will be subject to investment limitations and restrictions that would not otherwise be applicable and will materially impact the performance of the strategies. For example, the strategies could be prohibited, or otherwise restricted, from purchasing or holding certain asset backed securities, residential mortgage backed securities, collateralized loan obligations and similar instruments notwithstanding that such instruments might otherwise be appropriate investment opportunities for the strategies.

Exchange Rate Fluctuations. The strategies' accounts will be denominated in the base currency. Because certain investments of the strategies may be in currencies other than the base currency, the strategies would be subject to the risks associated with adverse exchange rate fluctuations. Unless the strategies hedge against fluctuations in exchange rates between the base currency and the currencies in which the strategies' investments are denominated and these hedges are successful, any profits that the strategies might realize in such trading could be eliminated as a result of adverse changes in exchange rates, and the strategies could even incur losses as a result of any such changes. Even if the strategies hedge against such fluctuations, there is no guarantee such hedges will eliminate or reduce such losses.

Failure of Custodians. The custodian and/or banks or brokerage firms selected by Yatalie to act as custodians may become insolvent, causing the strategies to lose all or a portion of the funds or securities held by the custodian or such banks or brokerage firms acting as a custodian or to encounter delays recovering assets. A Client's assets deposited with a bank or brokerage firm as margin (or collateral) for non-exchange traded derivative contracts such as OTC currency forwards are not currently required under CFTC regulations or any other regulations to be held in a segregated account for the benefit of the client. Consequently assets deposited by Yatalie Capital with a bank or brokerage firm as margin for non-exchange traded derivative contracts may be indistinguishable, for insolvency purposes, from the proprietary assets of such bank or brokerage firm and therefore may be subject to creditors' claims in the event of the insolvency of such bank or brokerage firm, and not available for timely recall by Yatalie Capital or its Clients.

Failure of a Futures Clearer or Broker and Related Matters. The strategies have credit risk to each of their futures clearer(s) and broker(s) and the exchanges on which such futures clearer(s) and broker(s) trade. Moreover, the strategies may, in their sole discretion, maintain all of their exchange-traded futures positions with a single futures clearer or broker. Where such futures clearer or broker is a futures commission merchant registered with the CFTC, however, such futures clearer or broker is required by CFTC regulations to segregate from its own assets, and for the sole benefit of its commodity customers (including the strategies), all assets held by a futures clearer or broker for exchange traded futures and options contracts, including an amount equal to the net unrealized gain on all such open contracts. Exchange traded contracts are marked to market on a daily basis, with variations in value credited or charged to the customer's account, and any funds received in connection with profits on a futures or options position belonging to the customer should be treated as the property of the customer and maintained by a futures clearer or broker in a customer segregated account. A futures clearer or broker is also required to deposit its own funds into its customer segregated accounts to the extent necessary to ensure that such accounts do not become undersegregated and that no customer's excess funds in the segregated account may be used to meet the margin requirements of another customer. In the event of a futures clearer's or broker's financial collapse, insolvency, or bankruptcy, the customer funds held in a futures clearer's or broker's customer segregated accounts, assuming such funds were properly segregated, should be insulated as an identifiable separate pool of assets and, as such, should not be available for distribution to such futures clearer's or broker's general creditors. Under such circumstances, each customer with assets on deposit in such futures clearer's or broker's customer segregated account would receive its pro rata share of such assets. As long as such futures clearer or broker is collecting margin payments from its customers or advancing its own funds in accordance with CFTC regulations, each customer should receive all of its assets from the customer segregated account.

To the extent that any segregated account may be undermargined, however, the deficiency would be shared on a pro rata basis by each customer holding assets in such account. While Yatalie will generally seek to utilize futures clearers or brokers who have a reputation for maintaining sufficient assets in customer accounts to avoid undermargined accounts, no assurance can be given that Yatalie will be able to successfully limit the strategies' futures brokerage to futures clearers and brokers that fully comply with applicable CFTC regulations.

Financing Arrangements; Availability of Credit. The strategies' use of leverage may depend on the availability of credit in order to finance its portfolio. There can be no assurance that Yatalie will be able to maintain adequate financing arrangements under all market circumstances. As a general matter, the banks and dealers that provide financing to the strategies can apply essentially discretionary margin, haircut, financing, security and collateral valuation policies. Changes by banks and dealers in such policies, or the imposition of other credit limitations or restrictions, whether due to market circumstances or governmental, regulatory or judicial action, may result in margin calls, loss of financing, forced liquidation of positions at disadvantageous prices, termination of swap and repurchase agreements and cross defaults to agreements with other dealers. Any such adverse effects may be exacerbated in the event that such limitations or restrictions are imposed suddenly and/or by multiple market participants at or about the same time. The imposition of such limitations or restrictions could compel the strategies to liquidate all or part of its portfolio at disadvantageous prices. The financing available to the strategies from banks, dealers and counterparties is likely to be restricted in disrupted markets.

Increasing the Assets Managed by Yatalie May Adversely Affect Performance. There may be circumstances in which the rates of return achieved by advisors may degrade as assets under management increase beyond the levels in which such advisors can effectively allocate capital or transact within markets. Although Yatalie may close the strategies or return capital to existing investors, there is generally no limit on the total amount of subscriptions that may be accepted on behalf of the strategies. In addition, Yatalie does and may manage other vehicles or accounts with similar or different strategies.

Non-Public Information. From time to time, Yatalie may come into possession of non-public information concerning specific companies although internal policies are in place to prevent the receipt or use of such information. Under applicable securities laws, this may limit Yatalie's flexibility to buy or sell portfolio securities issued by such companies. The strategies' investment flexibility may be constrained as a consequence of Yatalie Capital's inability to use such information for investment purposes.

Past Performance. Past performance of Yatalie and similar investment funds or accounts managed, advised, or sponsored by Yatalie are not necessarily indicative of future results. NO ASSURANCE CAN BE MADE THAT PROFITS WILL BE ACHIEVED OR THAT SUBSTANTIAL LOSSES WILL NOT BE INCURRED.

Potential Loss of Investment. There is a risk that an investment in the strategies will be lost entirely or in part. The strategies are not a complete investment program and should represent only a portion of an investor's portfolio management strategy.

Reliance on Yatalie. The performance of the strategies will depend, among other things, upon the ability of Yatalie to trade profitably in the markets. No assurance can be given that Yatalie will be able to do so. Decisions made by Yatalie may cause the strategies to incur losses or to miss profit opportunities on which they may otherwise have capitalized. Moreover, in managing and directing the strategies' investments, Yatalie may rely on certain personnel whose departure or inability to fulfill certain duties may adversely affect the strategies' investments. Yatalie has a compliance policy that details controls and procedures through which it seeks to minimize compliance risks to its business; however, no assurances can be given that Yatalie will be able to identify or prevent compliance-related risks. Clients will have no right or power to participate in the day-to-day management or control of the business of Yatalie, nor

an opportunity to evaluate the specific strategies used, or investments made, by Yatalie or the terms of any investment.

Short Selling. The strategies may engage in short selling of any of the instruments they trade. In selling short, the strategies bear the risk of an increase in the value of the instrument sold short above the price at which it was sold (price net of transaction costs). Such an increase could lead to a substantial (theoretically unlimited) loss, as the market price of instruments sold short may increase continuously, although the strategies may mitigate such losses by replacing the instruments sold short before the market price has increased significantly. Under certain market conditions, the strategies might have difficulty purchasing instruments to meet their short sale delivery obligations (such as to complete a dealer recall of the underlying instrument). The strategies might also have to sell portfolio instruments to raise the capital necessary to meet their short sale margin call obligations at a time when fundamental investment considerations would not favor closing out such short position. Short sales may be used with the intent of hedging against the risk of declines in the market value of the strategies' long portfolio, but there can be no assurance that such hedging will be successful. Many jurisdictions have recently imposed or proposed restrictions and reporting requirements on short selling which may restrict or prevent the strategies from successfully implementing their investment strategies involving short selling. It is impossible to predict whether additional restrictions and reporting requirements on short selling may be implemented by one or more jurisdictions or whether such restrictions or reporting requirements will be implemented selectively or with respect to any market participants. Such undertaking, in itself, could have an adverse impact on Yatalie Capital's ability to execute particular investment strategies. The actual implementation of any such restrictions could cause the strategies to suffer material losses, especially given the often ad-hoc and emergency nature of the implementation of such restrictions.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in any or all of the strategies. Prospective Clients should read this entire Form ADV and all accompanying materials provided by Yatalie and consult with their own advisers before deciding whether to invest in the strategies. In addition, as the strategies develop and change over time, an investment in the strategies may be subject to additional and different risk factors as well as fees as a result of growing need for clients' accounts to be actively managed. Yatalie will promptly amend this Brochure if and when any information regarding its investment risks and strategies becomes materially inaccurate.

Item 9: Disciplinary Information.

This section is not applicable to Yatalie.

Item 10: Other Financial Industry Activities and Affiliations.

Yatalie and/or a related person may act as general partner, managing member or other controlling entity in private funds that may invest in securities, commodities or other investments in which Yatalie's Clients may be solicited to invest. Please note that Item 6 and Item 12 discuss Yatalie's trade aggregation and allocation policy in more detail and discuss how Yatalie seeks to minimize conflicts between its Client separately managed accounts and funds.

Yatalie does not select or recommend other advisers for Clients.

Yatalie does not have any other relationships or arrangements that are material to its advisory business or to its Clients that are required to be disclosed herein.

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

Yatalie's Code of Ethics ("Code"), adopted pursuant to Rule 204A-1 under the Advisers Act, confirms Yatalie's commitment to the highest ideals of honesty, integrity and openness. Yatalie demonstrates this commitment through its measures taken to ensure the confidentiality of Client information, prohibition of illegal insider trading and market manipulation, the acceptance of gifts, provision of political donations and the scrutiny applied to the personal investment and other outside activities of employees. All employees attend initial and annual Code of Ethics training and certify annually that they have read and understand the Code.

For example, Yatalie requires that any contributions Yatalie or its employees make to candidates for public office or political parties be made in compliance with applicable law. Yatalie will neither participate in, nor permit its employees to participate in, what are commonly referred to as "pay-to-play" practices. Yatalie will not make contributions, payments, or otherwise provide any endorsement or support to political parties or candidates (including through intermediary organizations such as political action committees or campaign funds) with the intent of directly or indirectly influencing any investment management relationship. Yatalie Capital requires that its employees pre-clear all state and local political donations as well as donations to political action committees.

A copy of the Code is available to Clients or prospective Clients by submitting a request to Yatalie's Chief Compliance Officer at compliance@myyatalie.com.

Aspects of Yatalie's personal trading policy include:

1. All full time employees and certain consultants, interns and temporary employees (not just "access persons" as defined by the SEC) are required to provide duplicate confirmations of any trade involving a reportable security to Yatalie's Compliance department;
2. A broader definition of "reportable security" than the SEC definition. For example, reportable securities include mutual funds and treasury bonds. Additionally, any account that can hold a reportable security (ex. 401K accounts) must be reported.
3. Pre-clearance of all trades through Yatalie's automated compliance system;
4. A 60-day ban on short-term trading profits;
5. An "allowable list" of permissible instruments and securities;
6. A requirement for employees to hold most accounts at an approved broker; and
7. Any principal accounts held and/or trades placed through Yatalie's account management

process are exempt from the personal trading rules and pre-clearance requirements since they are subject to the same trading policies, procedures, and guideline monitoring as separately managed Client accounts and fund investments.

Investment decisions are made across Client portfolios by a systematic investment process with parameters set according to specific Client targets and guidelines, not by individuals recommending particular investments to particular Clients. The Compliance department audits the outcome of this process for consistency across portfolios with similar investment objectives and guidelines. Yatalie Capital has tight controls around access to the output of the investment process and very few employees have access to forward-looking trade information.

Yatalie's personal trading policy allows employees to purchase or sell similar securities to those purchased and sold for Client accounts. However, all employees are subject to restrictions and monitoring intended to allow reasonable long-term investing yet prevent short-term trading or the ability to trade in a way related to Yatalie's trading in Client accounts. Yatalie's Compliance department does extensive testing for patterns of front-running and trading inconsistent with the intent of the policy, using both risk-based and random criteria.

Yatalie may recommend to Clients that they buy or sell securities or investment products in which Yatalie Capital or a related person has some financial interest. Yatalie may also buy or sell for itself securities that it also recommends to Clients. Yatalie may recommend that Clients invest in commingled funds where Yatalie or a related person either acts as a member manager or has a principal investment. The decision to make such recommendation is based solely on the suitability of the investment for the particular Client. In addition, as stated above and in Item 6, Yatalie's Account Management and Compliance departments review similarly-situated accounts for any discrepancies in performance to ensure that all accounts are treated fairly and in an unbiased manner.

From time to time, Yatalie uses certain securities to aid in its own corporate cash management and risk management. These decisions are unrelated to the investment decisions on behalf of Clients. The Clients' investment decisions are based on the output of proprietary investment systems, while the corporate investments are based on cash flow needed for operations. The Account Management department oversees the purchases and sales of securities for Client accounts and the Finance department oversees the investments for the management company.

Item 12: Brokerage Practices.

Diversification of broker-dealer relationships is a cornerstone of Yatalie's trading approach. To achieve this, Yatalie uses many counterparties. Before Yatalie begins trading with any broker-dealer, the broker-dealer must satisfy Yatalie's minimum credit requirements and minimum back office operational standards. Yatalie aims to have a wide variety of counterparties to limit the amount of information any one counterparty receives regarding Yatalie's trading. Yatalie also strives to avoid a concentration of credit risk at a small number of counterparties.

Broker-dealers earn a market share based on the quality of their prices. Through in-house technology and procedures, Yatalie has implemented a systematic counterparty selection process based on proprietary broker-dealer performance metrics. Yatalie can focus on such price performance because it does not require other services, such as research or trade ideas, from its broker-dealers. Along the same lines, Yatalie maintains an "arm's-length" "no fraternization" policy, meaning its employees cannot accept gifts or entertainment worth more than a *de minimus* value from brokers-dealers.

Clients generally give discretionary trading authority to Yatalie to buy or sell securities within the limitations outlined in the Client investment guidelines. The decision as to which executing broker-dealers to use and the level of trading volume with such broker-dealers is made on the basis of best execution standards and Yatalie's fiduciary duties to its Clients. Additional considerations include the creditworthiness of the broker-dealer, the operational capabilities, quality of personnel, provision of research, and accuracy and quality of reporting. Yatalie's determination of what are reasonable competitive rates will be based upon its knowledge of the rates paid and charged for similar transactions throughout the securities industry.

Soft Dollar Policy

Yatalie has full discretionary authority to manage Client accounts, including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid. Yatalie's authority is limited by its own internal policies and procedures and each Client's investment guidelines. In selecting brokers and dealers to effect portfolio transactions for its Clients, Yatalie seeks to obtain best execution, taking into consideration Yatalie's best execution policies and procedures as well as its fiduciary duties to its Clients. Yatalie does not enter into any formal arrangements for the receipt of brokerage and research services from executing broker-dealers, although it may consider the receipt of research from a broker when choosing a broker for execution. Yatalie may from time to time pay a broker-dealer commissions for executing Client transactions in excess of that which another brokerdealer might have charged for effecting the transactions, consistent with its obligation to obtain best execution – i.e., because cheapest isn't always best. Yatalie also may receive from such broker-dealers brokerage and research services provided by the broker-dealer and accept invitations to educational events and from time to time seek helpful industry color on topics such as regulatory developments, trading new instruments, etc. To the extent that the receipt of any ongoing such brokerage or research services by Yatalie may be deemed a soft dollar arrangement, the arrangement will fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934.

The brokerage services provided by broker-dealers generally include electronic connectivity or direct trading lines related to executing, clearing and settlement of transactions. The research services provided by brokerdealers generally include internally generated research reports covering topics on the economy, industries, groups of securities, individual companies, statistical information, accounting and tax law interpretations, political developments, legal developments affecting portfolio securities, technical market action, pricing, credit analysis, risk measurement analysis, performance analysis, and analysis of corporate responsibility issues. Such research services are received primarily in the form of written reports, but may also include telephone contacts. In addition, such research services may be provided in the form of access to various

computer-generated data.

Brokerage and research services provided by broker-dealers generally benefit all Yatalie Clients. In certain circumstances, Yatalie may execute transactions for only some Clients through broker-dealers who provide brokerage or research services and the brokerage or research services may be used for the benefit of one or more other Clients.

At least annually, Yatalie considers the amount and nature of research and brokerage services provided by broker-dealers, as well as the extent to which such services are relied upon. Broker-dealers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocation, but can (and often does) exceed the suggested level, because total brokerage is allocated on the basis of all of the considerations described above. A broker-dealer is not excluded from receiving business because it has not been identified as providing research or brokerage services.

Trade Aggregation and Allocation Policy

Yatalie seeks to execute trades in a way that minimizes transaction and booking costs and that seeks to achieve fair treatment for all accounts when allocating individual executions. Yatalie often executes orders in blocks (i.e., trades for multiple accounts grouped into single orders) to achieve execution efficiency, cost efficiency, anonymity and to minimize volatility in prices across accounts. When Yatalie encounters investment opportunities that are appropriate for more than one Client or fund, or when an aggregated order is only partially filled, Yatalie will allocate the investment opportunity or a partially filled order on a fair and equitable basis. Yatalie Capital uses several approaches to achieve the goal of treating all accounts fairly, such as, randomly ordering accounts and proportionally allocating fills on an order. Yatalie's Trading, Account management, and Compliance departments perform a quarterly evaluation to assess the process and ensure the goal of fairness to all Clients.

Cross-Trade Policy

Cross transactions are those in which one Client account purchases or sells securities against another Client account. Given the potential conflicts of interest, as well as the restrictions placed by ERISA, on engaging in cross-trades or similar transactions where a Client account that is subject to ERISA is a participant, Yatalie generally does not engage on behalf of any of its Clients in cross-trades or other transactions where the Clients could have differing interests in the same transaction, even where Yatalie could achieve reduced transaction costs for its Clients by doing so. In certain cases, such as the trading of futures, a broker-dealer may effect a transaction, subject to applicable laws and regulations, for both a Yatalie Client and another Client account managed by Yatalie that is on the opposite side of the transaction. The broker-dealer may receive compensation from the Clients involved in such transactions.

Error policy

Yatalie identifies two types of errors. The first type of error is the breach of a Client's guideline objectives. In the event of such error, Yatalie will resolve the matter in accordance with the terms of the

Client's contract.

The second type of error is a trade execution error, where, for example, Yatalie's trading desk sold a security that Yatalie intended to purchase. When a trade execution error results in a loss to a Client's portfolio in excess of \$5,000, Yatalie will notify the Client and/or make adjustments in the account to restore the Client's portfolio to the position it would have been had the execution error not occurred.

An error will not be deemed to have occurred unless and until a Client's guidelines have been breached or a trade execution error has occurred and a Client's account was financially impacted. Yatalie considers variations arising in its account management process that do not violate the Client's guidelines to be part of the normal course of business.

The Chief Compliance Officer and the Heads of Trade Execution and Account Management, as well as the Management Committee members to whom they report, are immediately notified of errors. It is ultimately the responsibility of Yatalie's Management Committee to ensure that any error situation is resolved in an appropriate manner.

Yatalie makes every effort to correct each error as soon as possible upon its discovery. However, because the time required is dependent upon the nature of the error itself, no absolute timetable exists. In most cases, an error is corrected within one day of its discovery.

The Compliance Department maintains a written record identifying all errors and the ultimate resolution of the errors in accordance with the books and records requirements of Rule 204 (2) of the Advisers Act. Yatalie Capital does not utilize soft dollar arrangements as a means of resolving an error.

In the case of an error resulting from the action of any third party, Yatalie will pursue an appropriate financial remedy on the Client's behalf and/or notify the Client.

Item 13: Review of Accounts.

Portfolios are reviewed at different frequencies for different reasons. Daily reviews are performed by the Account Management Department Analytics group, to confirm that held positions are consistent with permitted positions. As discussed in item 4, in December 2011, Yatalie selected BNY Mellon as its primary provider of middle and back office services. Since then, BNY Mellon, with Yatalie's retained Operations and Accounting staff, monitors trades, concentrating on the accuracy of third party reporting through its daily broker/counterparty reconciliation and new account procedures.

In addition, BNY Mellon, with oversight from the retained Yatalie accounting staff, performs monthly account reconciliations of cash, positions (shares/par amounts and fair value), accruals, and total portfolio value between the account's official books and records and Yatalie's secondary records.

Investors in Yatalie's external funds receive monthly performance and valuation statements directly from the funds' administrators. The statements contain the number of shares held in the fund, month-end price and valuation, monthly contributions and redemptions, and monthly return.

Clients with separately managed accounts receive monthly account statements from both Yatalie and their qualified custodians. The custodian provides detailed accounting statements that include holdings, valuation, and activity. Clients receive monthly valuation and performance statements from Yatalie. The valuation statement provides a detailed list of investments, including the quantity held, month-end price, month-end valuation and accruals. The performance statement provides the monthly, quarterly, year to date and inception to date account performance and if applicable, the benchmark return for comparable periods. All Clients receive a quarterly report from Yatalie with portfolio and market commentary.

Item 14: Client Referrals and Other Compensation.

This section is not applicable to Yatalie.

Item 15: Custody.

For separately managed accounts, Yatalie does not have custody since it does not have the authority to hold, directly or indirectly, Client funds or securities or have the authority to obtain possession of them. Each month, separately managed account Clients of Yatalie receive account statements directly from their qualified custodian, who maintains the Clients' assets, in addition to receiving a statement from Yatalie.

Item 16: Investment Discretion.

Yatalie, through its investment management agreements with its Clients, is generally given discretion and authority to invest, reinvest and manage a Client's assets in accordance with Yatalie's trading systems, methods, models, strategies and formulas; provided, that Yatalie complies with the specific investment guidelines set forth in each such agreement, which may contain certain parameters or restrictions with respect to Yatalie's investment discretion and authority. Such parameters and restrictions may include, among others, tracking error or volatility targets, position/exposure limits, counterparty requirements and restrictions, prohibited investments, and applicable legal and regulatory restrictions. To enable Yatalie to exercise fully such discretion, Yatalie is generally authorized, as the Client's agent and attorney-in-fact, to sign and execute all documents and agreements including, but not limited to, futures account agreements and related acknowledgements and disclosures, repurchase agreements and swap agreements (all either individually or under an umbrella agreement), as well as fund subscription agreements and redemption notices, and to take all other action that Yatalie Capital reasonably considers necessary or advisable in order to carry out its duties. As stated in Item 15, for separately managed accounts, Yatalie Capital does not have custody since it does not have the authority to hold, directly or indirectly, Client funds or securities or have the authority to obtain possession of them.

Item 17: Voting Client Securities.

Proxy Voting Policy: To minimize potential conflicts of interest among Yatalie and its clients, and to ensure that all votes are properly and timely placed, Yatalie engages Glass, Lewis & Co. ("Glass Lewis") to vote proxies on behalf of its Clients, when authority has been delegated to Yatalie by the Client. In accordance with SEC Rule 206(4)-6, Yatalie generally subscribes to the proxy voting policy adopted by Glass Lewis but reserves the right to direct that Glass Lewis vote in a manner that is contrary to such policy

where appropriate, or as specifically directed by a Client for its own account.

A copy of the Glass Lewis Paper Guidelines, the Yatalie Capital Proxy Voting Policy, and actual proxy voting records, if applicable, are available to Clients upon request.

Class Action Policy: From time to time, Yatalie receives notices regarding class action lawsuits involving securities that are or were held by Clients. As a matter of policy, unless otherwise contractually obligated, Yatalie refrains from serving as the lead plaintiff in class action matters and also refrains from submitting proofs of claim where Yatalie believes that either the recovery amounts are likely to be negligible or Yatalie cannot be assured of confidential treatment of the data submitted in connection with the proof of claim. As a result, Yatalie, in most cases, does not participate in class action lawsuits. If Yatalie Capital does participate in a class action lawsuit and later receives any recovery amounts, those amounts will be credited to the participating Clients at the time the recovery amounts are received.

Item 18: Financial Information.

Yatalie is not aware of having any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Yatalie has not been subject to a bankruptcy petition within the past 10 years.

Item 19: Requirements for State Registered Advisers.

Yatalie is not registered as an investment adviser with any state. This Item 19 is therefore not applicable.