

ITEM 1
COVER PAGE

Part 2A OF FORM ADV: FIRM BROCHURE

REALM PARTNERS LLC

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This brochure provides information about the qualifications and business practices of Realm Partners LLC and Realm General Partner LLC (collectively, “**we**,” “**us**,” or “**our**”). If you have any questions about the contents of this brochure, contact us at 212-612-1450. 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.

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

We are a registered investment adviser under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). Such registration under the Advisers Act does not imply any level of skill or training.

ITEM 2 MATERIAL CHANGES

In February 2012, we completed a prior version of this brochure (our “**Initial Brochure**”). Since the date of our Initial Brochure, we have undergone certain organizational and operational changes. Specifically, Robert B. Millard will remain our Managing Partner and take on a Chairman role. Himayani Puri will be our sole Portfolio Manager and Chief Investment Officer, while Anthony Stone will continue in his role as our Head Trader. Arthur Estey has retired as of January 31, 2013, Paul Brewer has left to pursue other opportunities as of January 31, 2013 and John Sweeney is leaving to pursue other opportunities, effective as of March 31, 2013. Our investment and support team have been scaled down to reflect a more focused investment strategy. We have also revised certain aspects of our investment allocation policies and procedures to reflect the differing investment objectives and strategies of our clients. Our investment allocation policies and procedures are described in more detail in this brochure.

We also no longer maintain a sub-advisory relationship with Realm Partners UK LLP, which has been voluntarily dissolved, and, consequently, we no longer have a UK-based affiliate. Finally, in connection with the provision of our investment advisory services, we no longer utilize Realm Partners Sub-Fund LLC, which has been voluntarily dissolved.

Our brochure may be requested, free of charge, by contacting our Chief Compliance Officer, Douglas A. Spiegel, at (212) 612-1480 or dspiegel@realmpartners.com.

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ITEM 4 ADVISORY BUSINESS

A. General Description of Advisory Firm

We are a Delaware limited liability company organized on January 22, 2009 under the name Realm Partnership LLC. On May 4, 2009 we changed our name to Realm Partners LLC. We have been in business for approximately four years.

We serve as the investment adviser to (i) Realm Partners Fund L.P., a Delaware limited partnership formed on January 22, 2009 (the “**Domestic Fund**”), which is designed primarily for certain qualified U.S. taxable persons, and which invests all of its investable assets in Realm Partners Master Fund L.P., a Cayman Islands exempted limited partnership formed on April 30, 2009 (the “**Master Fund**”); (ii) Realm Partners Offshore L.P., a Cayman Islands exempted limited partnership formed on April 30, 2009 (the “**Offshore Fund**”), which is designed primarily for certain qualified investors who are not U.S. persons and for certain qualified U.S. tax-exempt investors, and which invests all of its investable assets in Realm Partners Sub-Fund Ltd., a Cayman Islands exempted limited company formed on April 29, 2009, and which in turn invests all of its investable assets in the Master Fund; and (iii) certain separately managed accounts (together, with any of our other separately managed accounts, the “**Managed Accounts**”). The Domestic Fund together with the Offshore Fund and any additional feeder funds are referred to in this brochure as the “**Feeder Funds**,” and the Feeder Funds together with the Master Fund are referred to in this brochure as the “**Funds**,” and each, individually as the context may dictate, a “**Fund**.”

Realm General Partner LLC, a Delaware limited liability company organized on January 2, 2009, serves as the general partner (the “**General Partner**”) of the Domestic Fund, the Offshore Fund, and the Master Fund. The General Partner has ultimate responsibility for the management, operation and administration of such Funds.

We refer to the Funds and the Managed Accounts, collectively, as our “**Client Accounts**,” or more generally, with other potential clients, as our “**clients**.”

From time to time, we or our affiliates may launch, sponsor, or provide investment advisory services to additional pooled investment vehicles or managed accounts.

Our principal owners are Robert B. Millard, Himayani Puri and Anthony C. Stone.

B. Description of Advisory Services

As an investment adviser, we provide discretionary investment advisory services and design, structure, and implement investment strategies for the Funds and the Managed Accounts. For a detailed discussion of our strategies, see “Item 8 Methods of Analysis, Investment Strategies and Risk of Loss,” below.

Pursuant to our investment advisory agreements with each of the Funds and the Managed Accounts, we provide advisory services and manage client assets in accordance with one or more of our established investment strategies. We nonetheless tailor our services to the needs of each

client. With respect to the Managed Accounts, we tailor the types of securities or other instruments to be traded on the client's behalf based upon specific directions provided by such clients in their investment advisory agreements or otherwise. Any restrictions on investing in certain securities, types of securities, or any geographic areas or industry sectors will be specified in the investment advisory agreement with, or offering and organizational documents of, the relevant client.

C. Wrap Fee Programs

We do not participate in wrap fee programs.

D. Assets Under Management

As of February 1, 2013, we had approximately \$254,500,000 assets under management on a discretionary basis and no assets under management on a non-discretionary basis. With respect to our assets under management on a discretionary basis, such figure includes committed capital.

ITEM 5 FEES AND COMPENSATION

A. Advisory Services and Fees

Written investment advisory agreements and/or organizational and offering documents of the Client Accounts govern the terms of compensation and the manner in which we charge fees to each of our clients. The fees we charge for our advisory services may be negotiable depending on the circumstances of the client's account and the service levels we provide to the client. We generally bill our fees on a quarterly or annual basis. Our fees are payable in advance and in arrears. For a detailed description of our fee arrangements, see "Item 5 Fees and Compensation – Fees,"—below.

In addition to our fees and compensation, each Client Account will pay all of its operating expenses and administrative expenses, which are set forth in the applicable written investment advisory agreements and/or organizational and offering documents of the Client Accounts. Operating expenses and administrative expenses include, but are not limited to, all taxes; administrative expenses; investment expenses (e.g., expenses which are determined to be related to the investment of the Fund's or the Managed Account's assets, such as brokerage and commission expenses; margin and interest expenses; out-of-pocket costs related to specific investment opportunities and investments (including consultants and their expenses)); research and market data expenses (including, without limitation, news, quotation, and market statistics); computer and pricing services and hardware, software, data bases and other technical and telecommunication services and equipment; fees and charges and disbursements of escrow agents, custodians and any sub-custodians; costs and expenses of investments and withdrawals by investors; legal expenses; insurance expenses (including, without limitation, indemnification insurance); governmental fees and regulatory expenses (including filing fees); and auditing, tax preparation and accounting expenses.

Each Client Account generally will also be responsible for its own extraordinary expenses (such as, to the extent applicable, litigation expenses and indemnification expenses). We will bear the costs of providing our services to the Funds and the Managed Accounts, including our general overhead, salary, office and travel expenses (other than travel related to the investment of the Funds' or the Managed Accounts' assets) and will be reimbursed for any non-investment advisory expenses we incur on behalf of the Funds or the Managed Accounts.

In connection with the above fees and expenses, the Feeder Funds pay a proportionate share of such fees and expenses incurred by the Master Funds into which such Feeder Funds invest. We do not receive brokerage commission or other compensation attributable to the sale of securities or other investment products.

For a discussion of the factors that we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of commissions and compensation for such broker-dealers, see "Item 12 Brokerage Practices – Selection of Broker-Dealers and Reasonableness of Compensation."

B. Payment of Fees

The fees relating to our trading strategies for the Funds are generally as follows:

- A management fee is payable to us quarterly, in advance, at an annual rate ranging generally from 1% to 1.5% of the applicable Fund's net assets attributable to each capital contribution. We may be entitled to additional management fees at a lower rate with respect to certain "designated investments" (i.e., certain existing investments in the applicable Fund's portfolio that have become illiquid or do not have a readily ascertainable market value) and additional capital contributions made by certain investors on designated intra-quarter closing dates.
- A performance allocation is allocable to us by a Fund at a rate equal to 20% of the net gains allocable to an investor's account. The performance allocation is generally allocable on an annual basis in arrears. The performance allocation is subject to (i) a hurdle rate generally equal to the annual yield of the 1-year on-the-run U.S. Treasury Rate and (ii) a "high water mark."
- Such fees are deducted from the applicable Client Account.

The fees relating to our trading strategies for our Managed Accounts are negotiable, and generally are as follows:

- Management and performance fees, which generally may range from 0.25% to 2% of the net assets attributable to a Managed Account and 15% to 20% of the net gains attributable to a Managed Account, respectively, vary due to account size and other factors and are typically based on the nominal account size.
- Management fees are payable quarterly or monthly, in advance or in arrears; performance fees are payable annually in arrears.
- Clients are invoiced for the payment of such fees.

We may elect to waive or reduce the incentive allocations and the management fees described above without notice to or the consent of any client (or underlying investors in the Funds). There are no current side letter agreements that would negatively impact the Funds.

With respect to each capital contribution by a Fund investor, such investors may also be subject to certain withdrawal or redemption fees in an amount equal to the annual rate applicable to the management fee payable with respect to such capital contributions multiplied by the proceeds of such redemptions or withdrawals. Such fees, which are paid to the applicable Fund, would generally be imposed with respect to any redemptions or withdrawals that occur prior to the 12 month anniversary of any applicable capital contribution.

Pursuant to the terms of the client's investment advisory agreement, if the investment advisory relationship is terminated (or funds are withdrawn) as of any date other than the last business day of the applicable payment period, we typically charge a prorated management fee based on the ratio that the number of days for which investment advisory services were rendered

bears to the total number of days in that payment period, and we return any unearned fees to the client or underlying investor. In the event that the investment advisory relationship is terminated (or funds are withdrawn) other than at the end of a performance fee or allocation calculation period, such termination (or withdrawal) date shall typically be treated as the end of a performance fee or allocation calculation period, and, if earned, we will charge such client a performance fee or allocate a performance allocation in connection with such client's account, as applicable.

ITEM 6

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

In some cases, including pursuant to our investment advisory agreements with the Funds and the Managed Accounts, we will enter into performance or incentive fee or allocation arrangements with eligible clients. The terms and conditions of such fees or allocations are subject to individualized negotiations with each client. We will structure any performance or incentive fee or allocation arrangement in accordance with Section 205(a)(1) of the Advisers Act and the rules and regulations thereunder, including the exemption set forth in Rule 205-3 of the Advisers Act permitting performance fee arrangements with “qualified clients.” For a more detailed discussion of the calculation of the incentive fees or allocations paid or made, as applicable, by the Client Accounts, see “Item 5 Fees and Compensation – Payment of Fees.”

Performance-based fee or allocation arrangements may create an incentive for us to recommend investments that may be riskier or more speculative than those that we may recommended under a different fee or allocation arrangement. In the allocation of investment opportunities, performance-based fee or allocation arrangements may also create an incentive for us to favor accounts with performance or incentive fee or allocation arrangements over accounts that do not have such arrangements or, alternatively, favor accounts with higher performance-based fees or allocation arrangements over accounts with lower performance-based fees or allocation arrangements. We have adopted an Investment Allocation Policy and Procedures (the “**Allocation Policy**”) designed to ensure that all of our clients are treated fairly and equitably and to prevent this form of conflict from influencing the allocation of investment opportunities among our clients. In accordance with our Allocation Policy, while each of our clients may not participate in each individual investment opportunity on an overall basis, each client generally will be entitled to participate equitably with our other clients.

The Allocation Policy seeks to allocate investment opportunities among our clients in a fair and equitable manner. Allocations of investment opportunities are not necessarily made on a pro rata basis as our current Client Accounts may pursue distinct investment strategies. Rather, we make independent allocation decisions with respect to each Client Account. Allocations of investment opportunities among the Client Accounts are based on a variety of considerations, including potentially different or conflicting investment objectives and strategies; the life cycle of various portfolios; risk parameters (including, without limitation, the use of leverage); cash and liquidity availability (e.g., allocation size may vary depending on a Client Account’s cash availability, the other liquidity obligations of the applicable Client Account or commitments made to other investments); follow-on investments (e.g., such investments may be allocated in accordance with the allocation of the original investment); investment time frames; and legal, tax, and regulatory considerations. Upon determining that an investment opportunity is permissible in the same way and on the same day for more than one Client Account, allocations generally will be made pro rata based upon the fully invested net asset value of such Client Accounts to the extent practicable.

ITEM 7

TYPES OF CLIENTS

We currently provide investment advisory services to the Client Accounts, which are offered to high net worth individuals; financially sophisticated individual and institutional investors, including trusts, estates, or charitable organizations, pension and profit sharing plans; and commingled investment vehicles.

The minimum initial subscription for an investor in the Funds is \$10,000,000. Investors in the Funds must meet certain prescribed criteria, including, as applicable, being an “accredited investor,” as defined in Rule 501(a) of Regulation D, promulgated pursuant to Section 4(2) of the Securities Act of 1933, as amended; a “qualified purchaser,” as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended; and a “qualified client,” as defined in Rule 205-3 of the Advisers Act. With respect to the Managed Accounts, any applicable initial minimum investment is subject to negotiation. Such minimum investment amounts and investor criteria are set forth in the offering documents of each Fund and the applicable investment advisory agreement for each of the Managed Accounts.

We may, in our sole discretion, waive any of these minimum account requirements.

ITEM 8

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis and Investment Strategies

The Funds and the Managed Accounts pursue a variety of investment objectives and strategies. With respect to the Funds, each Feeder Fund invests all of its investable assets in the Master Fund. The investment objective of the Funds and the Managed Accounts is to achieve superior risk-adjusted absolute returns over a multi-year period. We will seek to achieve this objective by employing an event-driven, value-oriented and opportunistic investing approach across asset classes. Bottom-up research and valuation rooted in fundamental, legal, and structural analysis is expected to form the foundation for our investment approach.

In order to achieve each such objective, we will continue to look across sectors and capital structures; compare risk vs. reward across opportunity sets in order to discern when truly compelling micro opportunities or a broader mispricing or dislocation may exist; and allocate resources and capital dynamically to what we believe are the most attractive opportunities.

Investment Methodology

We plan to utilize a global multi-strategy approach focused on event driven and special situations investing with a deep value orientation and contrarian bias. We opportunistically invest client assets, where it deems it appropriate and advantageous, using the following strategies, among others: merger arbitrage, high yield and distressed credit, and other special situations (be they equity or debt, including, without limitation, private interest in public equity (PIPE), private equity and debt private placement transactions). In executing our investment program, we invest in a variety of financial instruments including, but not limited to, those discussed below. We may invest in all manner of global equity and equity-linked securities including exchange-traded and over-the-counter equity securities (including common stock and preferred stock), options, convertibles, warrants, swaps and futures, as well as derivative instruments and contracts. We may also invest in secured and unsecured debt, convertible bonds, commodities, mortgage and asset-backed securities, transactions referencing currencies, rates and commodities, and purchases of real assets. In addition, we may use fixed income and foreign exchange instruments as a hedge against undesired risk. Although each client's investment strategy will not be limited by type of investment or geography, we have so far focused on markets in North America and other developed countries. While we have so far focused primarily on public markets, we may, from time to time, and in accordance with each client's investment objective, make investments in privately-sourced, offered and/or negotiated transactions on an opportunistic basis.

While we generally apply the investment philosophy and investment process described herein to each client's portfolio, we may, on behalf of any particular client, pursue a wide variety of investment strategies and may modify or depart from the above described investment philosophy, approach, techniques and procedures as we determine appropriate to accomplish such client's investment objectives. It is not anticipated that all techniques described herein will be employed with respect to each client's investments. Further, all such techniques may not be utilized.

There can be no assurance that the investment objective of each client will be achieved, that our investment philosophy or strategies will be successful, or that we will generate any positive returns. Some of the markets in which we will invest on behalf of a Client Account may be less liquid or illiquid, inefficient and/or unpredictable markets that may be subject to a wide variety of risks. Investors must be prepared for the risk of losing all or substantially all of their investment.

Our investment objectives and strategies generally described above more specifically involve the detailed investment strategies set forth below.

Merger Arbitrage

This strategy focuses on investments in securities of companies involved in mergers, acquisitions and other strategic corporate transactions such as spin-offs, split-offs, or divestitures of major divisions. Most investments involve the common stock of a takeover target, but may include securities across the capital structure of the target, bidder, or other companies in the industry. Investments may also be made in securities across the capital structure of companies involved in speculated or rumored situations. Though not limited geographically, we focus on public markets in developed countries around the world with established legal and regulatory structures and standards. In this strategy, we research the strategic and financial rationale for the transaction, the details of the merger agreement, the regulatory and other hurdles to completion of the transaction, and possible alternative outcomes in connection with making an investment.

High Yield and Distressed Credit

In this strategy, we focus on deep value investing across the spectrum of corporate credit, including bank loans, senior and subordinated bonds, and junior securities, including preferred stocks. High yield and distressed credit investing entails detailed analysis of a company's capital structure (including its liquidity), operations, and industry fundamentals. Our view on a company's valuation is underpinned by analysis of the company's cash flows and assets.

We may participate in a credit (long or short) prior to or during bankruptcy, liquidation, or restructuring as well as in post-reorganization equities.

Special Situations

This strategy represents event-driven and value investing in both equities and credit, often with an emphasis on corporate events (competitive opportunities or threats, changes in capital structure or allocation policies, litigation) or industry dynamics (secular opportunities or threats, legal or regulatory changes, other inflection points that could significantly impact earnings and/or value). Idea generation and investment analysis for this strategy are based on fundamental research, which may entail, but is not limited to, assessing industry dynamics and company fundamentals in a macro and micro-economic context; valuation based on assets and/or free cash flow; in-depth financial, legal, regulatory, and structural analysis and dialogue with company management, competitors, customers, suppliers, and other relevant constituencies. We may hedge sector and market risk where appropriate with short positions, futures, options and

other derivative instruments. This is a catch-all category for investments in asset classes that do not fit naturally into one of the other core strategic categories, as well as unusually specialized or large equity investments. Special situations may also include opportunities away from corporate securities.

B. Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. More specifically, investing in assets managed pursuant to our strategies set forth above involves several material risks, including those set forth below. There can be no assurance that the Client Accounts will achieve their investment objectives or that any of our hedging activities will be successfully implemented. In addition to the risks listed below, clients (and underlying investors) should review the respective offering, organizational and similar documents relating to their Client Account. Each client is also encouraged to consult with us to review the specific risk parameters of, and assets that comprise, the client's account at any given time and from time to time.

An investment in the Client Accounts is highly speculative and involves a high degree of risk due to the nature of each of the Client Account's investments and strategies employed. An investment in any of the Client Accounts should not in and of itself be considered a balanced investment program. Prospective investors should be able to withstand the loss of their entire investment and should consider carefully the following considerations and risk factors, which apply to our investment strategies described above, prior to subscribing for interests in a Fund or investing in a Managed Account.

General Economic and Market Conditions. The success of each client's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the particular client's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of securities prices and the liquidity of each client's investments. Volatility or illiquidity could impair each client's profitability or result in losses. For any given client, we may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets; the larger the positions, the greater the potential for loss.

The economies of non-U.S. jurisdictions may differ from that of the U.S. in respects such as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency and balance of payments position. Such differences may affect a client's investment returns to the extent the client is invested outside the U.S. Further, certain non-U.S. economies are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. The economies of certain non-U.S. jurisdictions may be based predominantly on only a few industries and may be vulnerable to changes in trade conditions and may have higher levels of debt or inflation.

High Risk Investing. Substantial risks are involved in investing in securities and other investment instruments. The prices of many of the securities and other investment instruments in which we invest are highly volatile and market movements are difficult to predict. Moreover, the value of a client's investment positions may be subject to decreases as a result of general economic conditions or adverse effects upon the companies in which the client owns securities or other investment instruments. Further, notwithstanding the existence of a public market for particular financial instruments, such instruments may be thinly traded or may cease to be traded after an investment is made in them. In addition to being relatively illiquid, such instruments may be issued by unstable or unseasoned issuers or may be highly speculative. No assurance can be given that a client's investments will appreciate in value.

Investment and Trading Risks. All investments risk the loss of capital and no assurance is made that the clients' investment programs will be successful. Our investment programs may utilize such investment techniques as short sales, leverage, swaps, options on securities, forward contracts and futures contracts, which techniques can, in certain circumstances, maximize the adverse impact to which the Client Accounts may be subject.

Concentration and Non-Diversification. Except as otherwise specified in the applicable investment advisory agreement, we are not restricted as to the percentage of each client's assets that may be invested in any particular market, sector, strategy, currency, instrument, jurisdiction or issuer. For example, each Client Account has the ability to concentrate its investments by investing a majority of its assets in a single industry or country and few issuers. Such concentration of risk may make the client's investments more susceptible to fluctuations in value resulting from adverse economic or business conditions affecting that particular market, strategy, sector, currency, instrument, jurisdiction or issuer, and may expose the client to losses disproportionate to those that it might have incurred if the client maintained a greater level of diversification.

Credit and Liquidity Risks. The effects of recent credit crises on U.S. and international financial institutions and the global financial markets have been significant. Whether the undertakings taken by the U.S. and other governments or any future efforts to address these issues will stabilize the financial markets and restore liquidity is unknown. The current global economic environment, and the potential systemic risk arising from illiquidity in the banking system at large, may continue to contribute to market volatility and may have long-term effects on the U.S. and international financial markets. We cannot predict how long the financial markets will continue to be affected by these events, and cannot predict the effects of these or similar events in the future on the Client Accounts, the global economy and the global securities markets.

Systemic Risk. Credit risk may arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk," and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which we interact on a daily basis. In the context of recent market turmoil, systemic risk is heightened.

No Material Limitation on Investment Strategies. Except as otherwise specified in the applicable investment advisory agreement, we will opportunistically implement strategies and discretionary approaches we believe from time to time may be best suited to prevailing market conditions. There can be no assurance that we will be successful in applying any strategy or discretionary approach to the Funds' or Managed Accounts' investing.

Equity Securities. Clients' investment portfolios may include long and, to the extent permitted under applicable law, short positions in common stocks, preferred stocks, depositary receipts and convertible securities of U.S. and non-U.S. issuers. Equity securities fluctuate in value in response to many factors, including the activities and financial condition of individual companies, the business market in which individual companies compete, interest rates, and general market and economic conditions.

We generally may invest in equity securities without restriction as to market capitalization and, thus, may invest in securities issued by smaller capitalization companies, including those with very limited market capitalizations. The prices of the securities of these smaller companies may be subject to more abrupt or erratic market movements than larger, more established companies because they often are traded in lower volume and the earnings and prospects of these issuers may be subject to more volatility. We may purchase securities in all available securities trading markets, including initial public offerings and the aftermarket.

Our investments in equity securities may include securities that are listed on securities exchanges as well as unlisted securities that are traded "over-the-counter." Equity securities of companies traded "over-the-counter" may not be traded in the volumes typically found on a national securities exchange. Consequently, we may be required to dispose of such securities over a longer (and potentially less favorable) period of time than is required to dispose of the securities of listed companies.

Equities (including preferred stock) will be subordinate to the claims of a company's creditors. Dividends customarily paid to equity holders can be suspended or cancelled at any time.

Corporate Debt and Fixed-Income Securities. The value of corporate debt and fixed-income securities in which we invest will change in response to fluctuations in interest rates. In addition, the value of certain corporate debt and fixed-income securities can fluctuate in response to perceptions of creditworthiness, political stability or soundness of economic policies. Further, corporate debt and fixed-income securities in which we may invest 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, counterparty credit risk, general market liquidity and broader changes to the economic environment that may affect future cash flows. Except to the extent that values are independently affected by currency exchange rate fluctuations, when interest rates decline, the value of corporate debt and fixed-income securities generally can be expected to rise. Conversely, when interest rates rise, the value of fixed-income securities generally can be expected to decline. Debt securities with longer maturities tend to be more sensitive to interest rate movements than those with shorter maturities. We may invest in U.S. and non-U.S. issuers of corporate debt and fixed-income securities.

Interest Rate and Extension Risk. The value of fixed rate debt and preferred stock securities can be expected to vary inversely with changes in prevailing interest rates. Fixed rate debt and preferred stock securities with longer maturities, which tend to produce higher yields, are subject to potentially greater capital appreciation and depreciation than securities with shorter maturities. We are not restricted to any maximum or minimum time to maturity in purchasing individual portfolio securities, and the average maturity of the assets of the Client Accounts will vary.

During periods of rising interest rates, the average life of certain fixed rate debt and preferred stock securities is extended because of slower than expected principal payments. As issuers choose to benefit from below-market interest rates, the duration of these securities becomes extended, making them more sensitive to changes in interest rates. As a result, in a period of rising interest rates, these securities may exhibit additional volatility and additional loss in value. This is known as extension risk.

Low Credit Quality Securities. We may invest in securities deemed by credit rating agencies to have substantial vulnerability to default in payment of interest and principal. Such instruments may actually be in default or present elements of danger with respect to the payment of principal or interest, while others may have the lowest quality ratings, indicating that payments are in default, that a bankruptcy petition has been filed with respect to the issuer, or that the issuer is regarded as having extremely poor prospects for being able to meet its financial obligations.

Investors should recognize that the lower rated and unrated securities in which we may invest have large uncertainties or major risk exposure to adverse conditions and are considered to be predominantly speculative. Generally, such securities offer a higher return potential than higher rated securities but involve greater volatility of price and greater risk of loss of interest and principal, including the possibility of default or bankruptcy of the issuers of such securities.

The market values of certain of these securities also tend to be more sensitive to changes in economic conditions than higher rated securities. In addition, Client Accounts may incur additional expenses as we seek recovery upon a default in the payment of principal or interest on its portfolio holdings.

Limited Nature of Credit Ratings. In general, the ratings of nationally recognized rating organizations represent the opinions of these agencies as to the quality of securities that they rate. Credit ratings, which are relative and subjective, evaluate the safety of principal and interest payments, not market value risks. Such ratings are not absolute standards of quality, nor do they evaluate the market value risk of the securities. It is also possible that a rating agency might not change its rating of a particular issuer to timely reflect subsequent events. Substantial loss may result if a security's rating is downgraded.

Convertible Securities. We may invest in convertible securities. Convertible securities are bonds, debentures, notes, preferred stocks or other securities that may be converted into or exchanged for a specified amount of common stock or other securities of the same or different issuer within a particular period of time at a specified price or formula. A convertible security often entitles its holder to receive interest that is generally paid or accrued on debt or a dividend

that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities have unique investment characteristics in that they generally (i) have higher yields than common stocks, but lower yields than comparable nonconvertible securities, (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics, and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases.

In the absence of adequate anti-dilution provisions in a convertible security, dilution in the value of the Client Accounts' holdings may occur in the event the underlying stock is subdivided, additional securities are issued, a stock dividend is declared, or the issuer enters into another type of corporate transaction which increases its outstanding securities.

A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by a client is called for redemption, the client will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on the client's ability to achieve its investment objective.

Short Selling. We may utilize short selling. Short selling involves directly or indirectly selling (or having the equivalent exposure) securities or other instruments which may or may not be owned and, at times, borrowing the same securities for delivery to the purchaser, with an obligation to replace any such borrowed securities at a later date. Short selling allows the Client Accounts to profit from declines in market prices to the extent such decline exceeds the transaction costs and any costs of borrowing. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could increase without limit, thus increasing the cost to the Client Accounts of buying those securities to cover the short position. There can be no assurance that the securities necessary to cover a short position will be available for purchase and purchasing securities to close out a short position can itself cause the price to rise further, thereby exacerbating the loss. Additionally, certain market participants could accumulate such securities in a "short squeeze," which would reduce the available supply, and thus increase the cost, of such securities. In addition, rules may prohibit short sales of equity securities at prices below the official closing price, which may prevent the client from executing short sales at the most desirable time. Short strategies can also be implemented synthetically through various instruments, be used with respect to indices or in the over-the counter market, and may also be used with respect to futures and other instruments. They can also be implemented on a leveraged basis. Short sales, in certain circumstances, can substantially increase the impact of adverse price movements on a client's portfolio. Subject to any restrictions pursuant to applicable law, we have discretion in determining when, whether and in what manner to engage in short selling.

Derivatives. We may invest in complex derivative instruments that seek to modify or emulate the investment performance of particular securities, commodities, currencies, interest rates, indices or markets or specific risks thereof on a leveraged or unleveraged basis which can be equivalent to a long or short position in the underlying asset or risk. These instruments generally have counterparty risk and may not perform in the manner expected by the counterparties, thereby resulting in greater loss or gain to the clients than might otherwise be anticipated. These investments are subject to additional risks that may result in a loss of all or

part of an investment, such as interest rate and credit risk volatility, world and local market price and demand, and general economic factors and activity. Derivatives may have very high leverage embedded in them which may substantially magnify market movements and result in losses substantially greater than the amount of the investment and which in some cases could represent a significant portion of the client's assets.

Some of the markets in which we may effect derivative transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to the same credit evaluation and regulatory oversight as participants in exchange-based markets. This may expose the Client Accounts to the risks that a counterparty will not settle a transaction because of a credit or liquidity problem or because of disputes over the terms of the contract. We are not restricted from dealing with any particular counterparty or from concentrating all of our transactions with one counterparty.

Options. We may purchase and sell ("**write**") options on securities and currencies on national and international securities exchanges and in the domestic and international over-the-counter markets. The seller ("**writer**") of an uncovered put option assumes the risk of a decline in the market price of the underlying security or currency below the exercise price of the option. The seller of a put option which is covered (e.g., the writer has a short position in the underlying security or currency) assumes the risk of an increase in the market price of the underlying security or currency above the sales price (in establishing the short position) of the underlying security or currency, plus the premium received, and gives up the opportunity for gain on the underlying security or currency 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 seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security or currency above the exercise price of the option. The writer of a call option which is covered (e.g., the writer holds the underlying security or currency) assumes the risk of a decline in the market price of the underlying security or currency less the premium received, and gives up the opportunity for gain on the underlying security or currency above the exercise price of the option. The buyer of a call option assumes the risk of losing its entire investment in the call option.

Options on securities may be cash settled, settled by physical delivery or settled by entering into a closing transaction. In entering into a closing transaction, a client may be subject to the risk of loss to the extent that the premium paid, or price received, for entering into such purchase transaction exceeds, or is less than, the premium received, or paid, at the time of the original transaction.

Futures. Futures markets are highly volatile. To the extent that we engage in transactions in futures contracts and options on futures contracts, the profitability of the Client Accounts will depend on our ability to analyze correctly the futures markets, which are influenced by, among other things, changing supply and demand relationships, governmental policies, commercial and trade programs, world political and economic events, and changes in interest rates.

Swap Agreements. We may enter into swap agreements. Investments in swaps involve the exchange by the Client Accounts with another party of all or a portion of their respective interests or commitments. Depending on their structure, swap agreements may increase or decrease a client's exposure to long-term or short-term interest rates, foreign currency values, corporate borrowing rates, payments by debtors, or other factors. Swap agreements can take many different forms and are known by a variety of names. We are not limited to any type of swap agreement. We may enter into a wide array of swaps which may be surrogates for other instruments such as currency forwards, interest rate options, and equity instruments.

Depending on how they are structured, swap agreements may increase or decrease the overall volatility of the clients' portfolios. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency or other factors that determine the payment obligations of the parties to the swap. If a swap agreement calls for payments by a client, the client 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 such client. Use of swaps subjects a client to risk of default by the counterparty. If there is a default by the counterparty to such a transaction, such client will have contractual remedies pursuant to the agreements related to the transaction. However, the currency and interest rate swap market has grown substantially in recent years with a large number of banks and investment banking firms acting both as principals and agents utilizing standardized swap documentation. As a result, these swap markets have become relatively liquid in comparison with the markets for other similar instruments which are traded in the interbank market.

Counterparty Risk. As previously discussed, the Client Accounts will be subject to various counterparty risks. For example, we may effect transactions in "over-the counter" or "interdealer" markets or through private transactions. The participants in such markets and the counterparties in such private transactions are typically not subject to the same credit evaluation and regulatory oversight as are participants in "exchange based" markets. This may expose a client to the risk that a counterparty will not settle a transaction because of a credit or liquidity problem, thus causing the client to suffer losses. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a client's transactions have been concentrated with a single or small group of counterparties. We are not restricted from dealing with any particular counterparty or from concentrating any or all of our transactions with one counterparty, subject to any applicable advisory contracts.

Hedging Transactions. We may enter into hedging transactions to seek to reduce risk, and such transactions may result in a poorer overall performance for a client than if we had not engaged in any such transaction. It is generally impossible to fully hedge an investment given the uncertainty as to the amount and timing of projected cash flows and investment returns, if any, on a client's investments. The clients' investments will also be exposed to certain risks that cannot be hedged. There will be times in which we believe that it is not advisable to enter into hedging transactions and instead elect to remain unhedged against particular types of risks that in other cases we hedge against. Moreover, we are not obligated to seek to hedge against fluctuations in the value of the clients' portfolio positions as a result of changes in market interest rates, currency rates or any other development; accordingly, the clients may be exposed to fluctuations in rates and other market conditions specific to the underlying asset.

Leverage. We may borrow and may utilize various lines of credit, swaps, forward purchases and other forms of leverage. While borrowing and leverage present opportunities for increasing total return, they have the effect of potentially increasing losses as well. If income and appreciation on investments made with borrowed funds are less than the cost of the leverage, the value of the clients' net assets will decrease. Accordingly, any event which adversely affects the value of an investment by a client would be magnified to the extent leverage is employed. The cumulative effect of the use of leverage in a market that moves adversely to a leveraged investment could result in a substantial loss which would be greater than if leverage were not used. Generally, most leveraged transactions involve the posting of collateral. Increases in the amount of margin a client is required to post could result in a disposition of that client's assets at times and prices which could be disadvantageous to that client and could result in substantial losses. To the extent that a creditor has a claim on a client, such claim would be senior to the rights of the client. We may use leverage in unlimited amounts and the equity base of such Client Account could be small at times in relation to total assets, which could result in total loss of the account in extreme circumstances. The greater the total leverage of an account relative to its equity capital base, the greater the risk of loss and possibility of gain due to market fluctuations in the values of its investments. Leverage can result in the total loss of capital.

The banks and dealers that provide financing to us may apply essentially discretionary margin, haircut, financing and collateral valuation policies. Changes by banks and dealers in any of the foregoing may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous prices. In addition, money borrowed by the Client Accounts will be subject to interest costs, which will be an expense of such account, and, to the extent not covered by income attributable to the investments acquired, will adversely affect the operating results of the account. Fluctuations in interest rates may adversely affect the ability of an account to acquire and dispose of investments and may also adversely affect the performance of such account's investments.

Distressed Securities. We may invest in securities of U.S. and non-U.S. companies that are experiencing significant financial or business difficulties, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Although such investments may result in significant returns to the clients, they involve a substantial degree of risk. Any one or all of such companies may be unsuccessful in their reorganization and their ability to improve their operating performance. In the case of liquidations, the proceeds realized through the liquidation process may be significantly less than originally projected at the time of investment. Further, the level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that we will correctly evaluate the intrinsic value of any or all of the companies, the securities of which the clients may acquire. There is also no assurance that we will correctly evaluate how such value will be distributed among the different classes of creditors, nor that we will have properly assessed the steps and timing thereof in the bankruptcy or liquidation process. In any reorganization or liquidation proceeding relating to a company in which a client invests, the client may lose its entire investment, and may be required to accept cash or securities with a value less than such client's original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from an investment may not compensate such client adequately for the risks assumed.

Troubled company and other asset-based investments require active monitoring and will, at times, require participation in business strategy or reorganization proceedings by us. To the extent that we become involved in such proceedings, the Client Accounts will have a more active participation in the affairs of the issuer. In addition, our involvement in a company's reorganization proceedings could result in the imposition of restrictions limiting our ability to liquidate our position in the securities of the company.

Among the risks inherent in such investments is the difficulty of obtaining reliable information as to the true financial condition of their issuers. Distressed and certain stressed investments may be adversely affected by state and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims. The market prices of distressed and stressed instruments are highly volatile, and the spread between the bid and the ask prices of such instruments is often unusually wide.

Bank Loans, Assignments and Participations. Loans may become nonperforming for a variety of reasons. Such nonperforming loans may require substantial workout negotiations or restructuring that may entail, among other things, a substantial reduction in the interest rate and/or a substantial write-down of the principal of the loan. In addition, because of the unique and customized nature of a loan agreement and the private syndication of a loan, certain loans may not be purchased or sold as easily as publicly traded securities, and, historically, the trading volume in the loan market has been small relative to other markets. Loans may encounter trading delays due to their unique and customized nature, and transfers may require the consent of an agent bank or borrower. Risks associated with bank loans include the fact that prepayments may occur at any time without premium or penalty and that the exercise of prepayment rights during periods of declining spreads could cause us to reinvest prepayment proceeds in lower-yielding investments.

We may acquire interests in loans either directly (by way of assignment ("**Assignment**")) or indirectly (by way of participation ("**Participation**")) or through the acquisition of synthetic securities, structured finance securities or interests in lease agreements that have the general characteristics of loans and are treated as loans for withholding tax purposes. The purchaser by an Assignment of a loan obligation typically succeeds to all the rights and obligations of the selling institution (the "**Selling Institution**") and becomes a holder of the debt obligation under the loan or credit agreement with respect to such debt obligation. In contrast, Participations acquired by a client in a portion of a debt obligation held by a Selling Institution typically result in a contractual relationship only with such Selling Institution, not with the obligor. A client would have the right to receive payments of principal, interest and any fees to which it is entitled under the Participation only from the Selling Institution and only upon receipt by the Selling Institution of such payments from the obligor. In purchasing a Participation, a client generally will have no right to enforce compliance by the obligor with the terms of the loan or credit agreement or either instrument evidencing such debt obligation, nor any rights of setoff against the obligor, and such client may not directly benefit from the collateral supporting the debt obligation in which it has purchased the Participation. As a result, such client would assume the credit risk of both the obligor and the Selling Institution. In the event of the insolvency of the Selling Institution, such client may be treated as a general creditor of the Selling Institution in

respect of the Participation and may not benefit from any setoff between the Selling Institution and the obligor.

In addition, when a client holds a Participation in a debt obligation, the client may not have the right to vote to waive enforcement of any default by an obligor. Selling Institutions commonly reserve the right to administer the debt obligations sold by them as they see fit and to amend the documentation evidencing such debt obligations in all respects. However, most participation agreements with respect to bank loans provide that the Selling Institution may not vote in favor of any amendment, modification or waiver that forgives principal, interest or fees, reduces principal, interest or fees that are payable, postpones any payment of principal (whether a scheduled payment or a mandatory prepayment), interest or fees, or releases any material guarantee or security without the consent of the participant (at least to the extent the participant would be affected by any such amendment, modification or waiver). A Selling Institution voting in connection with a potential waiver of a default by an obligor may have interests different from those of a client, and the Selling Institution might not consider the interests of the client in connection with its vote. In addition, many participation agreements with respect to bank loans that provide voting rights to the participant further provide that, if the participant does not vote in favor of amendments, modifications or waivers, the Selling Institution may repurchase such Participation at par. An investment by a client in a synthetic security or a structured finance security related to a loan involves many of the same considerations relevant to Participations.

Purchasers of loans are predominately commercial banks, investment funds and investment banks. As secondary market trading volumes increase, new loans frequently contain standardized documentation to facilitate loan trading that may improve market liquidity. There can be no assurance, however, that future levels of supply and demand in loan trading will provide an adequate degree of liquidity or that the current level of liquidity will continue. Because holders of such loans are provided confidential information relating to the borrower, the unique and customized nature of the loan agreement, and the private syndication of the loan, loans are not purchased or sold as easily as publicly traded securities are purchased or sold. In addition, historically the trading volume in the loan market has been small relative to the market for high yield debt securities.

Liquidity of Investments. We may invest in securities or other assets which, subsequent to the investment in such securities or assets, become illiquid or do not have a readily ascertainable market value. A client may not be able to sell such assets when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of illiquid assets 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. In addition, in times of extreme market disruption, there may be no market at all for one or more asset classes, potentially resulting in the inability of such client to dispose of its assets for an indefinite period of time.

Withdrawal Risks of Separate Accounts. The withdrawal policies of the one or more Managed Accounts advised by us may allow for the withdrawal of assets in a substantially shorter period than the withdrawal notice and payment terms of the Funds or other Managed Accounts. Substantial withdrawals by the one or more Managed Accounts within a short period

of time could require us to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the value of the Funds' or other Managed Accounts' portfolios.

ITEM 9
DISCIPLINARY INFORMATION

To the best of our knowledge, there are no legal or disciplinary events that we believe would be material to our clients' or our prospective clients' evaluation of our advisory business or the integrity of our management.

ITEM 10
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Broker-Dealer Registration

Neither we nor any of our management personnel (i) are registered as broker-dealers or (ii) have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

B. Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Adviser Registration

Neither we nor any of our management personnel (i) are registered as a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of the foregoing or (ii) have any application pending to register with respect to any of the foregoing.

C. Material Relationships and Conflicts of Interests with Industry Participants

Our relationships and arrangements with our various clients and other industry participants are material to our advisory business and may raise conflicts of interest. Below is a description of some of the potential conflicts of interest arising from such relationships and arrangements. Because this is not an exhaustive list of all of the conflicts of interest associated with the conduct of our investment advisory business, clients should read this brochure, any investment advisory agreement and any offering documents of the particular Client Account before making an investment with us.

Multiple Client Accounts

We provide investment advisory services to multiple Client Accounts. There is no limit on the number of vehicles or accounts that we or our affiliates may manage or advise. Further, we and our personnel may have investments in certain of our client accounts. As a result of the foregoing, we may have conflicts of interest in (i) allocating the time and resources of our personnel between and among clients; (ii) allocating investment opportunities between and among clients (see Item 6 – “Performance-Based Fees and Side-By-Side Management”); and (iii) effecting transactions between clients, including clients in which we or our personnel may have different financial interests.

Broker-Dealers and Other Service Providers

While we select our prime brokers, counterparties and service providers in accordance with our fiduciary obligations to our clients, from time to time, such parties or their affiliates may also invest in the Client Accounts.

With respect to the selection of broker-dealers, we allocate portfolio transactions to brokers based on best execution and in consideration of such brokers’ provision or payment of the costs of research and other services. For a more detailed discussion of the factors that we

consider in selecting or recommending broker-dealers for client transactions, see Item 12 - “Brokerage Practices.”

Our Code of Ethics requires that we make full disclosure of all material facts concerning any actual, apparent or potential conflicts of interest, and requires us and our personnel to follow appropriate procedures designed to minimize any such conflict.

For a more detailed discussion of our Code of Ethics, see Item 11 - “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.”

D. Material Conflicts of Interest Relating to Other Investment Advisers

Except as otherwise disclosed in this Item 10, we do not recommend or select for our clients, receive compensation directly or indirectly from, or have other business relationships with, other investment advisers.

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

A. Code of Ethics

We have adopted a Code of Ethics that is based on the principle that we, and each of our personnel, owe a fiduciary duty to our clients and a duty to comply with federal and state securities laws and all other applicable laws. These duties include the obligation of all personnel to conduct their personal securities transactions in a manner that does not interfere with the transactions of any client or otherwise take unfair advantage of their relationship with clients. Among other things, the Code of Ethics requires regular reporting of personal securities transactions by certain personnel. Additionally, we maintain a restricted list, which is a dynamic, virtual list of certain issuers whose securities our personnel are not permitted to trade.

We will provide a copy of our Code of Ethics, free of charge, to any client or investor and prospective client or prospective investor upon request. Our Code of Ethics may be requested by contacting our Chief Compliance Officer, Douglas A. Spiegel, at (212) 612-1480 or dspiegel@realmpartners.com.

B. Recommending, Buying, or Selling Securities in which We or a Related Person Have a Material Financial Interest, Invest, or Buy or Sell at the Same Time; Conflict of Interests

We, or our related persons, may not invest in the same securities or related instruments that we recommend to our clients.

Although we generally do not permit such transactions, conflicts of interest may occur if we, or our related persons, were to trade in the same security at or about the same time as our clients. An example of such occurrence would be seeking to sell the securities we hold, while simultaneously recommending that our clients maintain their position in the security. In such circumstances, a sale by our related persons or by us may affect the liquidity, value, or trading price of the securities that our clients continued to hold. In addition, we or our personnel may invest in the Funds, and, therefore, such persons may hold an indirect interest in the same securities as other investors in the Client Accounts. Our Code of Ethics and our personal trading policy have been designed to limit such conflicts of interest.

We or our affiliates may give advice and recommend securities to certain Client Accounts that may differ from advice given to, or securities recommended to, or bought or sold for, other Client Accounts, even though their investment programs may be the same or similar.

On rare occasions, we may deem it to be in the best interests of our clients to reallocate or “cross” securities transactions between clients. Similarly, on rare occasions, we may enter into “principal transactions” in which we or an affiliate act as principal for our own account or as broker for the account of a client with respect to the sale of a security to or purchase of a security from another client. We maintain policies and procedures intended to limit the potential conflicts of interest inherent in cross or principal transactions. Cross or principal transactions

will only be effected if they are deemed to be in the best interests of the particular clients involved and conducted in compliance with our policies and procedures and applicable law.

We have adopted a “Securities Compliance Policy” that prohibits us and our personnel from trading for clients or for ourselves or themselves, or recommending trading, in securities of a company while in possession of material nonpublic information (“**Inside Information**”) about the company, and from disclosing such information to any person not entitled to receive it, in either case in contravention of applicable securities laws. By reason of our various activities, we may have access to Inside Information or be restricted from effecting transactions in certain investments that might otherwise have been initiated. We have adopted policies and procedures reasonably designed to, among other things, control and monitor the flow of Inside Information to and within our organization, as well as prevent trading based on Inside Information.

Personal Trading

We believe restricting our personnel’s personal trading is one way of avoiding conflicts of interest between our clients and such personnel. Our personal trading policies are part of our Code of Ethics and our Securities Compliance Policy, which is incorporated into our Code of Ethics by reference. For a full description of our Code of Ethics, see Item 11 - “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading - Code of Ethics,” above. Generally, the Code of Ethics (and the Securities Compliance Policy) requires that, prior to effecting any personal securities transactions, all personnel and their immediate family members, must receive written approval from one of our Securities Compliance Officers.

Generally, if a proposed securities transaction involves a security appearing on our restricted list, the transaction will not be approved for personal trading. The restricted list is a dynamic, virtual list of companies or issuers about which a determination has been made that it is prudent to restrict trading activity. It is our policy that all personnel and their immediate family members strictly observe such trading activity prohibitions or restrictions.

In addition, in general, firm personnel must provide our Compliance Committee with (i) their, and their immediate family members’ securities holdings at the commencement of employment and annually thereafter and (ii) monthly brokerage statements. Furthermore, the personal accounts of such persons will be reviewed regularly and compared with transactions for our clients and against the restricted list.

ITEM 12

BROKERAGE PRACTICES

Pursuant to each client's investment advisory agreement, or other similar agreement, we are generally authorized to select the broker or dealer to effect transactions on behalf of our clients. However, our selection of the broker or dealer may be tailored to a particular client's investment guidelines or restrictions, where appropriate. Accordingly, portfolio transactions will be allocated to brokers based on best execution and in consideration of such broker's provision or payment of the costs of research and other services.

A. Selection of Broker-Dealers and Reasonableness of Compensation

Consistent with our fiduciary duty to clients, we have an obligation to seek the best price and execution of client securities transactions when we are in a position to direct brokerage transactions. While not defined by statute or regulation, "best execution" generally means the execution of client trades at the best net price considering all relevant circumstances.

We will place trades for execution only with approved brokers or dealers. The factors to be considered in selecting and approving brokers-dealers that may be used to execute trades include, but are not limited to:

- the ability to achieve prompt and reliable executions at favorable prices;
- the competitiveness of commission rates in comparison with other brokers satisfying our overall selection criteria;
- the overall direct net economic result to clients' assets;
- the broker-dealer's clearance and settlement capabilities;
- the operational efficiency with which transactions are effected;
- the financial strength, integrity and stability of the broker;
- the ability to effect the transaction where a large block or other complicating factors are involved;
- the availability of the broker to execute possible difficult transactions in the future;
- the quality, comprehensiveness and frequency of available research and related services considered to be of value; and
- the quality, comprehensiveness and frequency of notifications of investment opportunities.

In addition, access to the brokerage firm's securities analysts in related areas that provide us with assistance in our investment decision-making process, may be a factor in choosing a broker-dealer.

Our Head of Trading and our Compliance Committee are responsible for due diligence on best execution, including ensuring that we meet our best execution obligations, updating the our best execution procedures whenever appropriate, and considering any other best execution issues identified by the Head of Trading or the Compliance Committee. Our Compliance Committee generally meets on a monthly basis to evaluate how business was allocated across the approved broker list.

1. Research and Other Soft Dollar Arrangements

Our policy is to only use "soft" or commission dollars to the extent that such expenses come within Section 28(e) of the Securities Exchange Act of 1934, as amended ("**Section 28(e)**"). Section 28(e) provides a "safe harbor" to investment managers that use commission dollars of their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the investment manager in performing investment decision-making responsibilities. Conduct outside of the safe harbor afforded by Section 28(e) is subject to the traditional standards of fiduciary duty under state and federal law. Items for which we may use soft dollars, and that fall within the safe harbor, include:

- research (including, without limitation, research seminars and similar programs (however, travel expenses, meals and hotel accommodations are not included));
- computer analyses of securities portfolios;
- analysis of economic factors and trends as well as political analysis;
- third party research, provided that the broker is (i) contractually obligated to pay the provider of the service or products, or (ii) not directly obligated to pay the provider of the service or products, but pays such provider directly and assures itself that such payments are used only for eligible brokerage or research.

We are not obligated to seek the lowest transaction charge, except to the extent that it contributes to the overall goal of obtaining the best execution for clients. A higher transaction charge on exchange and over-the-counter trades may be determined reasonable in light of the value of the brokerage execution and research products and services provided to us for the benefit of our clients.

We may from time to time enter into formal or informal arrangements with certain brokers ("**Soft Dollar Brokers**") whereby the provision of research or brokerage execution services is explicitly dependent on the level of commissions and underwriting concessions generated by the client accounts. Using a broker who provides us with research or other "soft-

dollar” benefits may cause clients to pay commissions higher than the commissions charged by broker-dealers who do not so provide.

Research services received from Soft Dollar Brokers will be used to supplement and augment our own research capabilities, and will directly assist us in our investment decision-making process. Section 28(e) permits products and services obtained by soft dollars to be used for any or all of our Client Accounts. Accordingly, the Client Accounts that provide the brokerage transaction charges for which such products and services are provided or that engage in the securities transactions generating such charges do not necessarily receive the direct benefit of specific services. Instead, we may receive a benefit because we do not have to produce or pay for the research, products or services ourselves. Therefore, we may have an incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on our clients’ interest in receiving most favorable execution. In selecting Soft Dollar Brokers to initiate soft dollar transactions, we will consider the capabilities of the Soft Dollar Broker to provide best execution.

In furtherance of the foregoing, as of the date of filing this brochure, we have in place a Commission Sharing Agreement (“CSA”) with a third party whereby such third party will receive a portion of soft dollar credits generated by us in return for directing us to broker-dealers that provide permitted research services. We will then direct such third party to effect payments of the soft dollar credits to certain of such broker-dealers in exchange for the permitted research services. In order to ensure that CSA payments in connection with this agreement are made to broker-dealers in a manner comporting with Section 28(e), our Compliance Committee, among other items, (i) reviews, on a monthly basis, a report reconciling our trade data with trades executed by our brokers and (ii) reviews payments made pursuant to the agreement with such third party, as well as payments made to our brokers

All products and services that are paid for with client transaction charges will be of the type authorized by Section 28(e). All products and services that are paid for with soft dollars are reviewed and approved to ensure the product or service provides lawful and appropriate assistance in the performance of our investment decision-making activities. In addition, a determination is made that the amount of the commissions paid is reasonable in light of the value of the products or services provided.

In the last fiscal year, we acquired the following types of research and related products or services using brokerage commissions: written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; discussions with research personnel; and face-to-face meetings with corporate executives.

2. Brokerage for Client Referrals

In selecting or recommending broker-dealers, we do not consider whether we, or any of our affiliates, receive client or investor referrals from a broker-dealer or third party. We currently utilize certain capital introduction services made available by the Funds’ prime brokers; however, these services are not a material factor in our selection or recommendation of such broker-dealers. Nevertheless, the use of these services may create an incentive (or the appearance of an incentive) to utilize the services of a particular broker. We have adopted

certain Brokerage Selection Policies and Procedures to ensure that we meet our best execution obligations. Our Compliance Committee generally meets on a monthly basis to evaluate how business was allocated across the brokers with whom we conduct business on behalf of Client Accounts.

3. Directed Brokerage

“Directed brokerage” refers to instances in which a client retains the discretion to choose brokers and instructs us to direct portfolio transactions to a particular broker-dealer. We do not permit any directed brokerage arrangements.

B. Aggregating Orders for Various Client Accounts

We may aggregate the orders of our Client Accounts for trade execution and thereafter allocate the securities on an average price basis to such Client Accounts. More specifically, each client that participates in an aggregated order will participate at the average share price for all of our transactions in that security or other instrument on a given business day and transaction costs will be shared pro rata based on each client’s participation in the transaction. No client will be favored over any other client as a result of such aggregation. Brokerage commission rates will not be reduced because of such aggregation. In some instances, average pricing may result in higher or lower execution prices than otherwise obtainable by a single client.

ITEM 13

REVIEW OF ACCOUNTS

A. Periodic Review of Client Accounts

Our Chief Compliance Officer, in conjunction with our Finance Committee, conducts periodic reviews of Client Accounts, including (i) the manner in which orders have been allocated to each Client Account to insure that all orders are allocated on a fair and equitable basis in accordance with our Allocation Policy and (ii) the performance of each Client Account as a function of allocation to assure that no Client Account is being preferred systematically in the allocation process.

We also invest substantial resources in management systems to track and control risk on a daily basis, including the design and implementation of systems and procedures to provide risk management reports, which are overseen by our Risk Committee. We have compiled an extensive list of operational check and balance procedures that are utilized daily to ensure the accuracy of accounts and conformity with each client's investment objective and appropriate asset allocation, and to monitor the performance of individual securities.

B. Additional Review of Client Accounts

While there are no specific instances that automatically trigger a review of Client Accounts, we invest substantial resources in reviewing Client Accounts, including, without limitation, monthly reviews during Finance Committee and Risk Committee meetings and detailed dispersion analyses relating to Client Account portfolios.

C. Contents and Frequency of Account Reports to Clients

Investors in the Funds typically receive the following written reports: (i) annually, an audited financial report prepared by a certified public accounting firm; (ii) unaudited monthly statements regarding estimates of net asset value corresponding to each investor's investment; (iii) annual tax information necessary for completion of the tax returns; (iv) a weekly performance estimate available via a secure website administered by the Funds' administrator; (v) a monthly performance estimate available via a secure website administered by the Funds' administrator; and (vi) a periodic investor newsletter, which includes portfolio attribution and risk information. Investors in Managed Accounts receive reports as specified in the investment advisory agreements relating to such Managed Accounts. In addition, via access to a secure website administered by the Funds' administrator, investors in Managed Accounts also receive information relating to the Funds' portfolios and performance including (x) a weekly performance estimate; (y) a monthly performance estimate; and (z) a periodic investor newsletter, which includes portfolio attribution and risk information.

Upon request, certain investors may receive additional information and reporting that other investors may not receive, and such information may affect an investor's decision to request a withdrawal from its account.

ITEM 14
CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefits for Providing Services to Clients

We do not receive economic benefits from third parties (other than fees from clients) for providing investment advice or other advisory services to our clients. Currently, our only clients are the Funds and the Managed Accounts.

B. Compensation to Non-Supervised Persons for Client Referrals

As of the date of this brochure, we do not have any arrangement with a third party whereby we directly or indirectly compensate such person for client or investor referrals.

If we do enter into such an arrangement, all payments to any person, including solicitors, for client or investor referrals will be made in accordance with the provisions of Rule 206(4)-3 of the Advisers Act and any other applicable laws. We will not make use of a solicitor who is subject to the disciplinary actions stated in Rule 206(4)-3(A)(1)(ii) under the Advisers Act or, if a solicitor is subject to such an action, such solicitor must represent to us that it is relying on no-action relief from the SEC allowing it to engage in cash solicitation activities and that it is in compliance with all of the obligations imposed by the SEC as a condition to such relief.

In selecting or recommending broker-dealers, we do not consider whether we or any of our affiliates receive client or investor referrals from a broker-dealer or third party. We currently utilize certain capital introduction services made available by the Funds' prime brokers; however, these services are not a material factor in our selection or recommendation of such broker-dealers. Nevertheless, the use of these services may create an incentive (or the appearance of an incentive) to utilize the services of a particular broker. We have adopted certain Brokerage Selection Policies and Procedures to ensure that we meet our best execution obligations. Our Compliance Committee generally meets on a monthly basis to evaluate how business was allocated across the brokers with whom we conduct business on behalf of Client Accounts.

ITEM 15 CUSTODY

Rule 206(4)-2 of the Advisers Act (the “**Custody Rule**”) imposes specific conditions on investment advisers who have actual or deemed custody of client assets. As an investment adviser to advisory clients, including investment accounts and pooled investment vehicles, we may be deemed to have custody in instances where we have actual possession or the authority to obtain possession of the assets of our advisory clients, and therefore we must meet the applicable conditions of the Custody Rule.

The Custody Rule contains significant provisions applicable to investment advisers that serve as a general partner or managing member to private funds formed as limited partnerships or limited liability companies, such as the Funds. Most significantly, the Custody Rule provides an alternative approach to the quarterly account statement delivery requirement and the annual surprise examination requirement that are set forth in the Custody Rule. Specifically, an investment adviser to a private fund, such as the Funds, need not send to each investor a quarterly account statement or have an annual surprise examination if the fund is (i) subject to an audit (as defined in Rule 1-02(d) of Regulation S-X) by an accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board at least annually¹ and (ii) distributes its audited financial statements prepared in accordance with generally accepted accounting principles to all fund investors within 120 days of the end of the applicable fund’s fiscal year.² We typically rely upon this exception.

We generally will maintain all securities and funds of our clients, of which we are deemed to have custody, with a “qualified custodian.”

We are not deemed to have custody of Managed Account client assets.

¹ Audited financial statements that contain qualifying footnotes generally would not meet this requirement.

² The Custody Rule requires that advisers to pooled investment vehicles that distribute the pool’s audited financial statements to investors under the rule’s annual audit provision must, in addition to obtaining an annual audit, obtain a final audit of the pool’s financial statements upon liquidation of the pool and distribute the financial statements to pool investors promptly after the completion of such final audit.

ITEM 16

INVESTMENT DISCRETION

At the outset of an advisory relationship, we generally receive discretionary authority from a client to select the identity and amount of securities to be purchased and sold by the client. For example, we have investment discretion to manage securities accounts on behalf of the Client Accounts. In all cases, we exercise this investment discretion in a manner consistent with the stated investment objectives of the particular client, which are contained in the applicable offering documents and/or investment advisory agreement.

When selecting securities and assessing potential investments, we observe the investment policies, limitations, and restrictions of the clients we advise, as stated in the applicable investment advisory agreement or other applicable agreements or offering documents. Our clients may place limitations on our investment authority, including, without limitation, designating types of permitted investments, prohibiting certain types of investments, or imposing certain limitations with respect to the value of certain trades placed on their behalf. Certain of our Managed Account clients have placed restrictions on our investment authority.

For a complete discussion of our advisory business and the services we provide to our clients, see “Item 4 - Advisory Business.”

ITEM 17

VOTING CLIENT SECURITIES

We have, and in the future will continue to accept, the authority to vote our clients' securities. As such, we have adopted policies and corresponding procedures to comply with Rule 206(4)-6 of the Advisers Act and with our fiduciary obligations (such policies and procedures, the "**Proxy Voting Policies**").

We are committed to voting proxies in a manner consistent with the best interest of the Client Accounts. While the decision whether to vote a proxy must be made on a case-by-case basis, we generally do not vote a proxy if we believe the outcome of the vote is not in doubt. In the situations where we do vote a proxy, we generally vote proxies in accordance with the following general guidelines:

Routine Matters generally are voted consistent with Management's Recommendation. Examples of Routine Matters include uncontested Election of Directors, Ratification of Auditors, and Corporate Name Change.

Non-Routine Matters are voted on a fact sensitive basis. Examples of proxy proposal issues which are so fact sensitive that no general voting policy with respect to such issues may be established by us include Merger/Acquisition approvals, Spin-offs, Liquidations, Tender Offers and Corporate Restructurings.

Our Finance Committee has the overall responsibility of voting proxies received on behalf of the Client Accounts. If the proxies are voted, the proxy proposals received by us and designated as "Routine Matters" are voted by our Managing Director of Operations in accordance with the Proxy Voting Policies, and proxy proposals received by us and designated as "Non-Routine Matters" (or not addressed in the Proxy Voting Policies) are reviewed by our Managing Director of Operations, in consultation with our portfolio management team, on a case-by-case basis.

Notwithstanding the foregoing, our Managing Director of Operations may vote a proxy categorized as a "Routine Matter" contrary to the proxy voting guidelines if the Managing Director of Operations, in consultation with our portfolio management team, determines that such action is in the best interest of the Client Accounts. In the event that our Managing Director of Operations is instructed to vote contrary to the proxy voting guidelines, the basis for the voting decision will be documented.

In addition to not voting proxies where we deem the expenditure of time and cost of voting would exceed the anticipated benefit to the Client Accounts, our Managing Director of Operations, in consultation with our portfolio management team, may choose not to vote proxies in certain situations or for certain Client Accounts, such as (i) where a Managed Account holder has informed us that it wishes to retain the right to vote the proxy; (ii) where the proxy is received for a Client Account that has been terminated; or (iii) where a proxy is received by us for a security we no longer manage on behalf of a Client Account.

We may occasionally be subject to conflicts of interest in the voting of proxies due to business or personal relationships we maintain with persons having an interest in the

outcome of certain votes. We, our affiliates and/or our employees (or other covered persons) may also occasionally have business or personal relationships with the proponents of proxy proposals, participants in proxy contests, corporate directors and officers, or candidates for directorships.

If at anytime we become aware of a conflict of interest relating to a particular proxy proposal, we will handle the proposal as follows:

- (i) if the proposal is designated in the Proxy Voting Policies above as a “Routine Matter,” the proposal will be voted by us in accordance with the Proxy Voting Policies, provided little discretion on our part is involved; or
- (ii) if the proposal is designated in the Proxy Voting Policies above as a “Non-Routine Matter” (or not addressed in the Proxy Voting Policies), we will take such action as is necessary to ensure that our vote (including the decision whether to vote) is based on the applicable Client Account’s best interest and not affected by our conflict of interest.

We may also, from time to time, receive, from a variety of sources, a notice of a class action lawsuit with respect to securities purchased or sold by the Client Accounts. Our general policy is to determine whether to participate in any class action suits in which one or more of the Client Accounts are eligible, based upon a reasonable assessment of the costs and benefits (fiscal, administrative, or otherwise) relating to such participation. We may determine not to participate in a class action suit for any number of reasons, including, without limitation, if we determine that the anticipated out-of-pocket costs associated with any potential recovery are likely to exceed the amount of the potential recovery (e.g., because a Client Account held relatively few shares of the security or the potential recovery by the Client Account is not very large) or if the Client Account intends to pursue its legal rights outside of the class. Our Managing Director of Operations, in consultation with the applicable investment personnel for the affected Client Account(s), will decide whether to participate in a class action suit.

Clients may obtain a copy of our current written proxy voting and class action claims policies and procedures, and/or information regarding how a proxy was voted, by contacting our Chief Compliance Officer, Douglas A. Spiegel, at (212) 612-1480 or dspiegel@realmpartners.com.

ITEM 18
FINANCIAL INFORMATION

A. Balance Sheet

We are not required to attach a balance sheet because we do not require or solicit the payment of fees six months or more in advance.

B. Contractual Commitments to Our Clients

We have no financial condition that is reasonably likely to impair our ability to meet contractual and fiduciary commitments to our clients.

C. Bankruptcy Petitions

We have not been the subject of a bankruptcy petition at any time during the past ten years.