

ITEM 1. COVER PAGE

FORM ADV PART 2A

TPG-Axon Management LP

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March 22, 2013

Important Disclosure:

This brochure provides information about the qualifications and business practices of TPG-Axon Management LP (“**TPG-Axon**”, “**we**” or “**Adviser**”, which terms include certain advisory affiliates described herein, as the context requires), an investment adviser registered with the United States Securities and Exchange Commission (“**SEC**”). If you have any questions about the contents of this brochure, please contact us at 212-479-2000. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

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

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

ITEM 2. MATERIAL CHANGES

This brochure dated March 22, 2013 is an amended document prepared according to the SEC's requirements and rules for preparation of Form ADV Part 2A. TPG-Axon Management LP is required to discuss any material changes made to this brochure since its last SEC filing (which occurred on March 30, 2012). As previously announced in February 2012, the Montrica funds continue their orderly liquidation process (see Item 4 for further information).

This brochure should be reviewed in its entirety. If TPG-Axon makes any material changes to this brochure, this Item 2 will be revised to include a summary of such changes.

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ITEM 4. ADVISORY BUSINESS

Our Organization

TPG-Axon Management LP (“**TPG-Axon**”, “**we**” or “**Adviser**”, which terms include certain advisory affiliates described herein, as the context requires) is a Delaware limited partnership. The Adviser is a successor to TPG-Axon Capital Management, L.P., its parent company, which was founded by Dinakar Singh in February 2005. Dinakar Singh is the ultimate principal owner of the Adviser. The Adviser is registered with the United States Securities and Exchange Commission (“**SEC**”).

TPG-Axon provides discretionary investment advisory services to domestic and offshore private investment vehicles (each a “**Fund**” and collectively, the “**Funds**”). TPG-Axon also provides discretionary advisory services to separately managed institutional accounts.

Our investment advisory services are provided directly by TPG-Axon Management LP and may include advice provided by certain affiliated entities (“**advisory affiliates**”) that act as sub-advisers to the Funds under sub-advisory agreements entered into between the Adviser and the relevant advisory affiliate. Our advisory affiliates are treated as “associated persons” and are subject to our supervision and control. Our advisory affiliates are: TPG-Axon Capital (HK), Limited; TPG-Axon Capital (HK), Limited, Tokyo Branch; and TPG-Axon Capital (UK), LLP. The practices and information described herein generally apply also to all of our advisory affiliates. For purposes of this brochure, references to “Adviser,” “we” and “TPG-Axon” generally refer to the advisory affiliates as well as TPG-Axon Management LP as the context requires, unless otherwise indicated herein.

Our U.K. advisory affiliate, TPG-Axon Capital (UK), LLP, commenced business as of October 2007 and is registered as a CAD Exempt Firm with the U.K. Financial Services Authority (the “**FSA**”). Our Hong Kong advisory affiliate, TPG-Axon Capital (HK), Limited, commenced business as of May 2005 and is registered as an asset management firm with the Hong Kong Securities and Futures Commission (“**HKSFC**”). Additionally, our Japan advisory affiliate, TPG-Axon Capital (HK), Limited, Tokyo Branch, commenced business as of May 2007 and is registered as an investment adviser with the Financial Supervisory Agency. Registration with the FSA, HKSFC or Financial Supervisory Agency does not imply that the adviser, its advisory affiliates or their employees possess a certain level of skill or training, and the information in this brochure has not been approved or verified by the FSA, HKSFC or Financial Supervisory Agency or any of the regulatory bodies with which such registrations are held.

Types of Services Offered

TPG-Axon provides discretionary investment advisory services to the Funds and separately managed institutional accounts. TPG-Axon employs a variety of investment strategies pursuant to the guidelines set forth in each Fund’s respective private placement memorandum, partnership agreement (or similar governing documents if a corporation or other form of legal entity) and subscription agreement (these documents collectively hereafter, the “**Offering Documents**”). The TPG-Axon Funds invest largely in a global long/short portfolio across regions and asset classes. Our global team, based in New York, London, Hong Kong and Tokyo, applies fundamental research to build a hedged portfolio focused on company-specific and industry investment views.

As previously announced in February 2012, the Montrica funds continue their orderly liquidation process. The Montrica funds principally had focused on event-driven European investments, however, the

Montrica funds are no longer actively trading or receiving subscriptions. TPG-Axon continues to manage the special investment shares in the Montrica funds.

Assets Under Management

As of December 31, 2012, Adviser manages client assets on a discretionary basis in the amount of approximately \$5.64 billion regulatory assets under management. Adviser does not manage client assets on a non-discretionary basis.

ITEM 5. FEES AND COMPENSATION

Adviser provides discretionary investment advisory services to domestic and offshore private investment vehicles and separately managed institutional accounts. For its services, Adviser is entitled to management fees and performance-based allocations or fees (“**performance-based compensation**”).

Management fees may vary with each investor in a Fund and are more fully explained in the respective Offering Documents. The base annual management fee is generally up to 2% of assets under management. TPG-Axon is paid management fees quarterly in advance or monthly in arrears according to the terms of the relevant agreement with each Fund. Adviser generally deducts management fees from Fund accounts at the beginning of each fiscal quarter or end of each calendar month, as applicable. As investors generally may redeem on a quarterly basis, no refund of such fees typically will be required.

TPG-Axon (or an affiliate) may receive performance-based compensation in addition to management fees. TPG-Axon (or an affiliate) generally receives annual performance-based compensation in an amount up to twenty percent (20%) of the excess of net capital appreciation (unrealized and realized) measured against the prior period’s net asset value of an investor’s shares or limited partnership interest, as defined and calculated in each Fund’s Offering Documents. Adviser generally deducts performance-based compensation as of the end of each calendar year or as of the time of any redemption or withdrawal.

Adviser also provides investment advice to separately managed institutional accounts. Fees are negotiated and may include a management fee and/or performance-based compensation as applicable.

TPG-Axon Management LP compensates advisory affiliates for their services, and no additional fees or performance-based compensation are borne by any Fund in respect of such services.

Variation of Terms

TPG-Axon, an affiliate or the board of directors of a respective Fund, as the case may be, may waive or reduce management fees or performance-based compensation with respect to a Fund or any of the investors in a Fund at its discretion.

Redemptions and Withdrawals

Depending on the class of shares or limited partner interests, investors in the Funds may redeem or withdraw their interests on a quarterly basis with 60 to 90 days prior written notice, in accordance with the redemption or withdrawal terms of the relevant Fund’s Offering Documents. Depending on the class,

investors generally will receive up to twenty-five percent (25%) of their interests each quarter after submitting a timely redemption or withdrawal notice.

Other classes may be limited to twelve and one-half percent (12.5%) per quarter (following a 2 year “hard lock-up” period) but may pay a redemption or withdrawal fee of up to 5% of their redeemed assets to exceed this limit. Such redemption or withdrawal fee may be waived or modified at the sole discretion of the respective TPG-Axon-affiliate (for limited partners) or board of directors (for shareholders).

Given the quarterly nature of redemptions and withdrawals, there generally will not be any unearned fees paid in advance which will need to be refunded. To the extent a redeeming or withdrawing investor is owed any unearned fees paid in advance, the investor will be refunded an amount prorated from the date of termination to the end of the relevant period in which the termination date falls.

Other Fees and Expenses

The Funds will incur other costs including, but not limited to, investment-related expenses (e.g., brokerage commissions, clearing and settlement charges, custodial fees, interest expenses, expenses relating to consultants, attorneys, brokers or other professionals or advisors who provide research, advice, due diligence or proxy voting services with regard to investments, appraisal fees and expenses, and investment banking expenses), market data and research expenses (except to the extent that all or a portion of such costs are paid through the use of “soft dollars”), legal and regulatory expenses (including, without limitation, filing fees), internal and external accounting expenses (including, without limitation, valuation expenses), audit expenses, tax preparation and other tax-related expenses, organizational and offering expenses, premiums for liability insurance covering TPG-Axon and its members, partners, officers, employees and affiliates, administration fees and related costs (including, without limitation, costs of reporting to shareholders) extraordinary and nonrecurring expenses and other similar expenses related to the Funds as the Adviser determines in its sole discretion. For the avoidance of doubt, the categories of expenses provided herein shall include any associated or ancillary costs, including, without limitation, any computer hardware or software used or developed to obtain research, market data or accounting services.

A portion of research-related expenses may be paid for using “soft dollars.” The use of commission or “soft dollars” for research and research-related services will come within the safe harbor for the use of soft dollars provided under Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended. Expenses generally will be shared by all of the shareholders of the Fund pro rata; provided, however, that a Fund may specially allocate expenses related to specific investments to relevant investors.

There may be instances where research and other services paid for by the Fund may be beneficial to the management of non-Fund client accounts. In those instances, Adviser will make a good faith estimate of costs owed to the Funds by the non-Fund clients to whom the research and other services were beneficial, and such non-Fund clients will reimburse the Funds for such costs.

Please see Item 12 below for further discussion of the factors that Adviser considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

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

For a discussion of the performance-based compensation charged by Adviser to the Funds, please refer to Item 5. Adviser will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Investment Advisers Act of 1940 (the “Advisers Act”) in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. Advisory affiliates are compensated for their services by TPG-Axon Management LP, and no additional performance-based compensation is borne by any Fund in respect of such services.

Performance-based compensation arrangements may create an incentive for Adviser to recommend investments that may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements may also create an incentive to favor higher fee paying clients over other clients in the allocation of investment opportunities. Similarly, Adviser allows investors who meet certain criteria to open separately managed accounts, which may have different, and possibly more favorable, terms regarding, among other things, transparency, liquidity, and fees, than those of the Funds. The performance-based fee that Adviser receives as compensation from the Funds and certain accounts may create an incentive for Adviser to favor such Funds and accounts, as compared to accounts for which Adviser receives a lower (or no) performance-based fee. Adviser has implemented procedures that seek to ensure that such conflicts do not influence the method through which it allocates investment opportunities, including trade allocation procedures for the allocation of investment opportunities among clients.

ITEM 7. TYPES OF CLIENTS

As described in Item 4, Adviser provides discretionary investment advisory services to domestic and offshore private investment vehicles and separately managed institutional accounts.

Prospective investors in each of the Funds managed by Adviser are required to meet certain suitability qualifications to enable the Funds to maintain their private placement exemptions under the Securities Act of 1933, as amended, and the Investment Company Act of 1940, as amended. Adviser also generally imposes a minimum investment amount for each Fund, ranging from US \$5,000,000 to \$10,000,000, but TPG-Axon has the discretion to accept lesser amounts, subject to compliance with applicable law.

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

Methods of Analysis and Investment Strategies

TPG-Axon employs a variety of investment strategies pursuant to the guidelines set forth in each Fund’s respective Offering Documents. The TPG-Axon Funds invest largely in a global long/short portfolio across regions and asset classes. Our global team, based in New York, London, Hong Kong and Tokyo, applies fundamental research to build a hedged portfolio focused on company-specific and industry investment views. The Funds may invest in a broad range of securities and strategies, including (without limitation) the following: equities (listed, unlisted, domestic, foreign, American Depositary Receipts, common and preferred); secured and unsecured debt (both corporate and sovereign, bank loans, whole loans, vendor claims and other legal and/or contractual claims); convertible bonds and preferred; derivative instruments (including listed and over-the-counter), swaps and other equity and fixed income-

related instruments; contracts for differences; mortgage-backed securities and other similar instruments; currencies; commodities; privately-sourced non-control and control transactions; and purchases of real assets. The Funds utilize hedging intended to reduce exposure to macroeconomic factors and global market performance. The strategies employed by the Fund in addition to long/short strategies may include (among other things) the following: event-oriented (whether regionally or globally); credit/distressed debt; capital structure arbitrage; convertible arbitrage; volatility arbitrage; investments in real estate and real estate related assets; and privately sourced transactions. Each Fund has different investment strategies, as discussed further in the respective Fund Offering Documents.

An investment in the Funds should be made only after consulting with independent, qualified sources of investment, legal, tax, accounting and other advice.

Risk of Loss

Investing in any of the Funds involves substantial risks, including the risk of total loss of capital, and may not be suitable for all investors. Different investment strategies are subject to different types and degrees of risk and you should familiarize yourself with the risks associated with the particular investment strategy of the Fund(s) in which you intend to invest. Prospective and current investors in any Fund should carefully consider the risks of investing in such Fund. The principal risks of investing in a Fund include, without limitation, those set forth below, as well as additional risks set out in each Fund's respective Offering Documents, which you should review before investing. Interests in any Fund may be very illiquid and investors should be able to bear the financial risks of an investment for an indefinite period of time. There is no secondary market for interests in the Funds and none is expected to develop.

Risks Relating to Fund Investment Programs

Risks of Investments in Securities Generally. All securities investments risk the loss of capital. No guarantee or representation is made that a Fund's program will be successful. Each Fund's investment program will involve, without limitation, risks associated with limited diversification, leverage, interest rates, currencies, volatility, tracking risks in hedged positions, security borrowing risks in short sales, credit deterioration or default risks, systems risks and other risks inherent in the Fund's activities. Certain investment techniques of the Fund can, in certain circumstances, magnify the impact of adverse market moves to which the Fund may be subject. In addition, a Fund's investment in securities may be materially affected by conditions in the financial markets and overall economic conditions occurring globally and in particular countries or markets where the Fund may invest its assets.

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

Equity Risks. A Fund may invest in equity and equity derivative securities. The value of these securities generally will vary with the performance of the issuer and movements in the equity markets. As a result, the Fund may suffer losses if it invests in equity securities of issuers whose performance diverges from Adviser's expectations or if equity markets generally move in a single direction and the Fund has not hedged against such a general move. In its equity derivatives and private placements activities, the Fund is exposed to risks that issuers will not fulfill their contractual obligations to the Fund, such as delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

General Economic and Market Conditions. The success of a Fund'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 Fund'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 the Fund's investments. Volatility or illiquidity could impair a Fund's profitability or result in losses. A Fund 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. countries may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency and balance of payments position. 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. countries 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.

Merger Arbitrage. Merger or "risk" arbitrage strategies attempt to exploit merger activity to capture (or sell short) the spread between current market values of securities and their values after successful completion of a merger, restructuring or similar corporate transaction. Merger arbitrage investments often incur significant losses when anticipated merger or acquisition transactions are not consummated. The consummation of mergers, tender offers and exchange offers can be prevented or delayed by a variety of factors, including: (i) regulatory and antitrust restrictions; (ii) political motivations; (iii) industry weakness; (iv) stock specific events; and (v) failed financings. Merger arbitrage positions also are subject to the risk of overall market movements. To the extent that a general increase or decline in equity values affects the stocks involved in a merger arbitrage position differently, the position may be exposed to loss. Merger arbitrage strategies also depend for success on the overall volume of merger activity, which historically has been cyclical in nature.

Convertible Arbitrage. Convertible arbitrage strategies involve investing in convertible securities that appear incorrectly valued relative to their theoretical value. The strategy consists of the purchase (or short sale) of a convertible security coupled with the short sale (or purchase) of the underlying security for which the convertible-security can be exchanged to exploit price differentials. Adviser typically seeks to hedge out the risk inherent in the stock; the remaining interest rate risk may or may not be hedged.

Convertible arbitrage strategies generally involve spreads between two or more positions. To the extent the price relationships between such positions remain constant, no gain or loss on the position will occur. Such positions do, however, entail a substantial risk that the price differential could change unfavorably, causing a loss to the spread position. Substantial risks also are involved in borrowing and lending against such investments. The prices of these investments can be volatile, market movements are difficult to predict, and financing sources and related interest and exchange rates are subject to rapid change. Certain corporate securities may be subordinated (and thus exposed to the first level of default risk) or otherwise subject to substantial credit risks. Government policies, especially those of the U.S. Federal Reserve Board and foreign central banks, have profound effects on interest and exchange rates that, in turn, affect prices in areas of the investment and trading activities of convertible arbitrage strategies. Many other unforeseeable events, including actions by various government agencies and domestic and international political events, may cause sharp market fluctuations.

Investments in Distressed Securities. A Fund may invest in “below investment grade” securities and obligations of U.S and non-U.S. issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth or facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. A Fund may also invest in fee interests and other interests in distressed real estate or real estate related assets. These securities are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court’s power to disallow, reduce, subordinate or disenfranchise particular claims. Such companies’ securities may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. In addition, there is no minimum credit standard that is a prerequisite to a Fund’s investment in any instrument, and a significant portion of the obligations and preferred stock in which the Fund may invest may be less than investment grade. Any one or all of the issuers of the securities in which a Fund may invest may be unsuccessful or not show any return for a considerable period of time. 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 Adviser will correctly evaluate the value of the assets collateralizing a Fund’s loans or the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which a Fund invests, the Fund may lose its entire investment, may be required to accept cash or securities with a value less than the Fund’s original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from the Fund’s investments may not compensate investors adequately for the risks assumed.

In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Fund of the security in respect to which such distribution was made.

Litigation. Reorganizations can be contentious and adversarial. It is by no means unusual for participants to use the threat of, as well as actual, litigation as a negotiating technique. Adviser anticipates that during the term of a Fund, Adviser, such Fund and perhaps certain of its larger investors may be named as defendants in civil proceedings. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would generally be borne by such Fund and would reduce net assets or could require investors to return to such Fund distributed capital and earnings.

Debt Securities. A Fund may invest in private and government debt securities and instruments. It is likely that many of the debt instruments in which a Fund invests may be unrated, and whether or not rated, the debt instrument may have speculative characteristics. The issuers of such instruments (including sovereign issuers) may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer’s ability to make timely payment of interest and principal. Such instruments are regarded as predominantly speculative with respect to the issuer’s capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions. In addition, an economic recession could severely disrupt the market for most of these securities and may have an adverse impact on the value of such instruments. It is also likely that

any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

Non-Performing Nature of Debt. It is anticipated that certain debt instruments purchased by Adviser for a Fund will be non-performing and possibly in default. Furthermore, the obligor or relevant guarantor may also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments, if any, with respect to the loans.

Investing in High-Yield Securities. A Fund may invest in high-yield securities. Such securities are generally not exchange traded and, as a result, these instruments trade in the over-the-counter marketplace, which is less transparent than the exchange-traded marketplace. In addition, a Fund may invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments. High-yield securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities are often highly leveraged and may not have available to them more traditional methods of financing. It is possible that a major economic recession could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, it is possible that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default of such securities.

General Real Estate Risks. Real estate investments generally will be subject to the risks incident to the ownership and operation of commercial real estate and/or risks incident to the making of nonrecourse mortgage loans secured by real estate, including (i) risks associated with both the domestic and international general economic climate; (ii) local real estate conditions; (iii) risks due to dependence on cash flow; (iv) risks and operating problems arising out of the absence of certain construction materials; (v) changes in supply of, or demand for, competing properties in an area (as a result, for instance, of overbuilding); (vi) the financial condition of tenants, buyers and sellers of properties; (vii) changes in availability of debt financing; (viii) changes in the tax, real estate, environmental and zoning laws and regulations; (ix) various uninsured or uninsurable risks; (x) natural disasters; and (xi) the ability of the Fund or third-party borrowers to manage the real properties. With respect to investments in the form of real property owned by a Fund, such Fund will incur the burdens of ownership of real property, which include the paying of expenses and taxes, maintaining such property and any improvements thereon, and ultimately disposing of such property. With respect to investments in equity or debt securities, a Fund will in large part be dependent on the ability of third parties to successfully operate the underlying real estate assets. There is no assurance that there will be a ready market for resale of investments because investments in real estate generally are not liquid.

ABS and MBS – General. The investment characteristics of asset-backed securities (“**ABS**”) and mortgage-backed securities (“**MBS**”) differ from traditional debt securities. Among the major differences are that interest and principal payments are made more frequently, usually monthly, and that the principal may be prepaid at any time because the underlying loans or other assets generally may be prepaid at any time.

ABS and MBS Subordinated Securities. Investments in subordinated MBS and ABS involve greater credit risk of default than the senior classes of the issue or series. Default risks may be further

pronounced in the case of MBS and ABS secured by, or evidencing an interest in, a relatively small or less diverse pool of underlying loans. Certain subordinated securities absorb all losses from default before any other class of securities is at risk, particularly if such securities have been issued with little or no credit enhancement or equity. Such securities, therefore, possess some of the attributes typically associated with equity investments.

Commercial MBS. Mortgage loans on commercial properties often are structured so that a substantial portion of the loan principal is not amortized over the loan term but is payable at maturity and repayment of the loan principal thus often depends upon the future availability of real estate financing from the existing or an alternative lender and/or upon the current value and salability of the real estate. Therefore, the unavailability of real estate financing may lead to default. Most commercial mortgage loans underlying MBS are effectively nonrecourse obligations of the borrower, meaning that there is no recourse against the borrower's assets other than the collateral. If borrowers are not able or willing to refinance or dispose of encumbered property to pay the principal and interest owed on such mortgage loans, payments on the subordinated classes of the related MBS are likely to be adversely affected. The ultimate extent of the loss, if any, to the subordinated classes of MBS may only be determined after a negotiated discounted settlement, restructuring or sale of the mortgage note, or the foreclosure (or deed in lieu of foreclosure) of the mortgage encumbering the property and subsequent liquidation of the property. Foreclosure can be costly and delayed by litigation and/or bankruptcy. Factors such as the property's location, the legal status of title to the property, its physical condition and financial performance, environmental risks, and governmental disclosure requirements with respect to the condition of the property may make a third party unwilling to purchase the property at a foreclosure sale or to pay a price sufficient to satisfy the obligations with respect to the related MBS. Revenues from the assets underlying such MBS may be retained by the borrower and the return on investment may be used to make payments to others, maintain insurance coverage, pay taxes or pay maintenance costs. Such diverted revenue is generally not recoverable without a court-appointed receiver to control collateral cash flow.

ABS. Through the use of trusts and special purpose corporations, various types of assets, primarily automobile and credit card receivables, are securitized in pass-through structures. A Fund may invest either directly or indirectly, through CDOs, in these and other types of ABS that may be developed in the future. ABS present certain risks that are not presented by MBS. Primarily, these securities do not have the benefit of the same security interest in the related collateral. Credit card receivables, for example, are generally unsecured and the debtors are entitled to the protection of a number of state and federal consumer loan laws, many of which give such debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. Most issuers of ABS backed by automobile receivables permit the servicers to retain possession of the underlying obligations. If the servicer were to sell these obligations to another party, there is a risk that the purchaser would acquire an interest superior to that of the holders of the related ABS. In addition, because of the large number of vehicles involved in a typical issuance and technical requirements under state laws, the trustee for the holders of the ABS may not have a proper security interest in all of the obligations backing such ABS. Therefore, there is a possibility that recoveries on repossessed collateral may not, in some cases, be available to support payments on these securities. The risk of investing in ABS is ultimately dependent upon payment of consumer loans by the debtor. The collateral supporting ABS is of shorter maturity than mortgage loans and is less likely to experience substantial prepayments. As with MBS, ABS are often backed by pools of any variety of assets, including, for example, leases, mobile home loans and aircraft leases, which represent the obligations of a number of different parties and use credit enhancement techniques such as letters of credit, guarantees or preference rights. The value of an ABS is affected by changes in the market's perception of the asset backing the security and the creditworthiness of the servicing agent for the loan

pool, the originator of the loans or the financial institution providing any credit enhancement, as well as by the expiration or removal of any credit enhancement.

Non-U.S. Investments. A Fund may invest in financial instruments of non-U.S. corporations and governments. Investing in the financial instruments of companies (and, from time to time, governments) outside of the United States involves certain considerations not usually associated with investing in financial instruments of U.S. companies or the U.S. Government, including political and economic considerations, such as greater risks of expropriation, nationalization, confiscatory taxation, limitations on the removal of assets and general social, political and economic instability; the relatively small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; the evolving and unsophisticated laws and regulations applicable to the securities and financial services industries of certain countries; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict the Fund's investment opportunities. In addition, accounting and financial reporting standards that prevail outside of the U.S. generally are not as high as U.S. standards and, consequently, less information is typically available concerning companies located outside of the U.S. than for those located in the U.S. As a result, a Fund may be unable to structure its transactions to achieve the intended results or to mitigate all risks associated with such markets. It may also be difficult to enforce a Fund's rights in such markets. For example, financial instruments traded on non-U.S. exchanges and the non-U.S. persons that trade these instruments are not subject to the jurisdiction of the SEC or U.S. Commodity Futures Trading Commission ("CFTC") or to the securities and commodities laws and regulations of the U.S. Accordingly, the protections accorded to a Fund under such laws and regulations are unavailable for transactions on foreign exchanges and with foreign counterparties.

Global Investments. A Fund may invest in currencies and securities traded in various markets throughout the world, including emerging or developing markets, some of which are highly controlled by governmental authorities, if Adviser believes that market conditions present opportunities for attractive returns. Such investments require consideration of certain risks typically not associated with investing in currencies or securities of developed markets. Such risks include, among other things, trade balances and imbalances and related economic policies, unfavorable currency exchange rate fluctuations, imposition of exchange control regulation by governments, withholding taxes, limitations on the removal of funds or other assets, policies of governments with respect to possible nationalization of their industries, political difficulties, including expropriation of assets, confiscatory taxation and social, economic or political instability in foreign nations. These factors may affect the level and volatility of securities prices and the liquidity of a Fund's investments. Unexpected volatility or illiquidity could impair a Fund's profitability or result in losses.

The economies of non-U.S. countries may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency and balance of payments position. Further, certain non-U.S. economies are often 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. countries 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.

Emerging Markets. In addition to the risks associated with investments outside of the U.S., investments in emerging markets (*i.e.*, developing countries) may involve additional risks. Emerging markets generally are not as efficient as those in developed countries. In some cases, a market for the financial

instrument may not exist locally, and transactions will need to be made on a neighboring exchange. Volume and liquidity levels in emerging markets are lower than in developed countries. When seeking to sell emerging market financial instruments, little or no market may exist for such instruments. In addition, imposition of exchange regulations, limitations on removal of funds, political instability, corruption and confiscatory taxation are more likely to occur in emerging markets.

Issuers based in emerging markets are not generally subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to issuers based in developed countries, thereby potentially increasing the risk of fraud or other deceptive practices. Furthermore, the quality and reliability of official data published by the government or securities exchanges in emerging markets may not accurately reflect the actual circumstances being reported.

The issuers of some of non-U.S. securities, such as banks and other financial institutions, may be subject to less stringent regulations than would be the case for issuers in developed countries and therefore potentially carry greater risk. Custodial expenses for a portfolio of emerging markets securities generally are higher than for a portfolio of securities of issuers based in developed countries.

Many of the laws that govern private and foreign investment, securities transactions and contractual relationships in non-U.S. countries, particularly in developing countries, are new and largely untested. As a result, a Fund may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets, and lack of enforcement of existing regulations.

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

Event Driven Investing. Event driven investing requires the investor to make predictions about (i) the likelihood that an event will occur and (ii) the impact such event will have on the value of a company's securities. If the event fails to occur or it does not have the effect foreseen, losses can result. For example, the adoption of new business strategies or completion of asset dispositions or debt reduction programs by a company may not be valued as highly by the market as Adviser had anticipated, resulting in losses. In addition, a company may announce a plan of restructuring which promises to enhance value and fail to implement it, resulting in losses to investors. In liquidations and other forms of corporate reorganization, the risk exists that the reorganization either will be unsuccessful, will be delayed or will result in a distribution of cash or a new security, the value of which will be less than the purchase price to the Fund of the security in respect of which such distribution was made. The consummation of mergers and tender and exchange offers can be prevented or delayed by a variety of factors, including: (i) opposition of the management or stockholders of the target company, which will often result in litigation

to enjoin the proposed transaction; (ii) intervention of a federal or state regulatory agency; (iii) efforts by the target company to pursue a “defensive” strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) in the case of a merger, failure to obtain the necessary stockholder approvals; (v) market conditions resulting in material changes in securities prices; (vi) compliance with any applicable federal or state securities laws; and (vii) inability to obtain adequate financing. Because of the inherently speculative nature of event driven investing, the results of a Fund’s operations may be expected to fluctuate from period to period. Accordingly, investors should understand that the results of a particular period will not necessarily be indicative of results that may be expected in future periods.

Activist Investments. A Fund may invest a material portion of its capital in publicly traded equity and debt securities of companies that Adviser believes are undervalued by the marketplace and are likely to appreciate, including as a result of a change in ownership, corporate direction or management, or as a result of operational improvements. In making such investments, a Fund may act alone or together with one or more Funds or other investors or investment managers acting as a group. In order to implement any actions deemed necessary to maximize value, Adviser, or other members of the investing group, may work with the management team of the target company to design an alternate strategic plan and assist them in its execution and may secure the appointment of persons selected by Adviser or other members of the group to the company’s management team or board of directors. If necessary, Adviser, either alone or as part of a group, may also initiate shareholder actions (including those that may be opposed by company management) seeking to maximize value. Such shareholder actions may include, among other things, re-orienting management’s operational focus, initiating the sale of the company (or one or more of its divisions) to a third party, or an acquisition by the Fund or other members of the investing group. Such an acquisition may be accomplished either by the Fund (or the members of the investing group) acting alone, or acting in conjunction with management through a leveraged buyout. In order to accomplish the foregoing, Adviser may cause the Fund, either alone or together with other members of a group, to acquire a “control” position in the company’s securities.

This activist investment strategy may require, among other things: (i) that Adviser properly identify portfolio companies whose securities prices can be improved through corporate and/or strategic action; (ii) that the Fund acquire sufficient securities of such portfolio companies at a sufficiently attractive price; (iii) that the Fund avoid triggering anti-takeover and regulatory obstacles while aggregating its position; (iv) that management of portfolio companies and other security holders respond positively to Adviser’s proposals; and (v) that the market price of a portfolio company’s securities increases in response to any actions taken by portfolio companies. There can be no assurance that any of the foregoing will succeed.

Corporate governance strategies may prove ineffective for a variety of reasons, including: (i) opposition of the management or shareholders of the subject company, which may result in litigation and may erode, rather than increase, shareholder value; (ii) intervention of a governmental agency; (iii) efforts by the subject company to pursue a “defensive” strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) market conditions resulting in material changes in securities prices; (v) the presence of corporate governance mechanisms such as staggered boards, poison pills and classes of stock with increased voting rights; and (vi) the necessity for compliance with applicable securities laws. In addition, opponents of a proposed corporate governance change may seek to involve regulatory agencies in investigating the transaction or the Fund and such regulatory agencies may independently investigate the participants in a transaction, including the Fund, as to compliance with securities or other law. Furthermore, successful execution of a corporate governance strategy may depend on the active cooperation of shareholders and others with an interest in the subject company. Some shareholders may have interests which diverge significantly from those of the Fund, and some of those parties may be

indifferent to the proposed changes. Moreover, securities that Adviser believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the timeframe Adviser anticipates, even if a corporate governance strategy is successfully implemented. Even if the prices for a portfolio company's securities have increased, no guarantee can be made that there will be sufficient liquidity in the markets to allow the Fund to dispose of all or any of their securities therein or to realize any increase in the price of such securities.

Due to the illiquid nature of some of the positions which a Fund expects to acquire, as well as the uncertainties of the active management process, Adviser is unable to predict what the exit strategy will ultimately be for any given core investment, or that one will definitely be available. Exit strategies, which appear to be viable when an investment is initiated, may be precluded by the time the investment is ready to be realized due to economic, legal, political and other factors.

Changes in government regulations could make some or all forms of corporate governance strategies unlawful or impractical. Accordingly, such changes could have an adverse effect on the ability of a Fund to achieve its investment objective.

Directorships on Boards of Portfolio Companies. Adviser or its affiliates or designees may serve as directors of, or in a similar capacity with, portfolio companies, the securities of which are purchased or sold on behalf of the Funds. In the event that material non-public information is obtained with respect to such companies or a Fund becomes subject to trading restrictions pursuant to the internal trading policies of such companies or as a result of applicable law or regulations, the Fund may be prohibited for a period of time from purchasing or selling the securities of such companies, which prohibition may have an adverse effect on the Fund.

Proxy Contests and Unfriendly Transactions. A Fund may purchase securities of a company, which is the subject of a proxy contest in the expectation that new management will be able to improve the company's performance or effect a sale or liquidation of its assets so that the price of the company's securities will increase. If the incumbent management of the company is not defeated or if new management is unable to improve the company's performance or sell or liquidate the company, the market price of the company's securities will typically fall, which may cause the Fund to suffer a loss.

In addition, where an acquisition or restructuring transaction or proxy fight is opposed by the subject company's management, the transaction often becomes the subject of litigation. Such litigation involves substantial uncertainties and may impose substantial cost and expense on the company participating in the transaction.

Bankruptcy Claims. A Fund may invest in bankruptcy claims, which are amounts owed to creditors of companies in financial difficulty. Bankruptcy claims typically are illiquid and generally do not pay interest, and there can be no guarantee that the debtor will ever be able to satisfy the obligation on the bankruptcy claim. The markets in bankruptcy claims are not generally regulated by Federal securities laws or the SEC. Because bankruptcy claims are frequently unsecured, holders of such claims may have a lower priority in terms of payment than certain other creditors in a bankruptcy proceeding. In addition, under certain circumstances, payments and distributions may be reclaimed if any such payment is later determined to have been a fraudulent conveyance or a preferential payment.

Risks Associated with Bankruptcy Cases. Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to

object to significant actions, there can be no assurance that a bankruptcy court would not approve actions, which may be contrary to the interests of a Fund.

Generally, the duration of a bankruptcy case can only be roughly estimated. The reorganization of a company usually involves the development and negotiation of a plan of reorganization, plan approval by creditors and confirmation by the bankruptcy court. This process can involve substantial legal, professional and administrative costs to the company and the Fund; it is subject to unpredictable and lengthy delays; and during the process the company's competitive position may erode, key management may depart and the company may not be able to invest adequately. In some cases, the company may not be able to reorganize and may be required to liquidate assets. Although certain Funds intend to invest primarily in debt, the debt of companies in financial reorganization will, in most cases, not pay current interest, may not accrue interest during reorganization and may be adversely affected by an erosion of the issuer's fundamental values. Such investments can result in a total loss of principal.

U.S. bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in a reorganization for purpose of voting on a plan of reorganization. Because the standard for classification is vague, there exists a significant risk that a Fund's influence with respect to a class of securities can be lost by the inflation of the number and the amount of claims in, or other gerrymandering of, the class. In addition, certain administrative costs and claims that have priority by law over the claims of certain creditors (for example, claims for taxes) may be quite high.

Furthermore, there are instances where creditors and equityholders lose their ranking and priority as such when they take over management and functional operating control of a debtor. In those cases where a Fund, by virtue of such action, is found to exercise "domination and control" of a debtor, the Fund may lose its priority if the debtor can demonstrate that its business was adversely impacted or other creditors and equityholders were harmed by the Fund.

A Fund may invest in companies based in Organisation for Economic Co-operation and Development ("OECD") and other non-U.S. countries. Investment in the debt of financially distressed companies domiciled outside the United States involves additional risks. Bankruptcy law and process may differ substantially from that in the United States, resulting in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority and treatment of claims. In certain developing countries, although bankruptcy laws have been enacted, the process for reorganization remains highly uncertain.

Adviser, on behalf of a Fund, may elect to serve on creditors' committees, equity holders' committees or other groups to ensure preservation or enhancement of the Fund's positions as a creditor or equity holder. A member of any such committee or group may owe certain obligations generally to all parties similarly situated that the committee represents. If Adviser concludes that its obligations owed to the other parties as a committee or group member conflict with its duties owed to the Fund, it may resign from that committee or group, and in such case the Fund may not realize the benefits, if any, of participation on the committee or group. In addition, and also as discussed above, if the Fund is represented on a committee or group, it may be restricted or prohibited under applicable law from disposing of or increasing its investments in such company while it continues to be represented on such committee or group.

A Fund may purchase creditor claims subsequent to the commencement of a bankruptcy case. Under judicial decisions, it is possible that such purchase may be disallowed by the bankruptcy court if the court determines that the purchaser has taken unfair advantage of an unsophisticated seller, which may result in the rescission of the transaction (presumably at the original purchase price) or forfeiture by the purchaser.

Additionally, the claim may be disallowed or subordinated if the bankruptcy court determines that the seller engaged in inequitable conduct that harmed other creditors.

Reorganizations can be contentious and adversarial, and it is by no means unusual for participants to use the threat of, as well as actual, litigation as a negotiating technique. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would generally be borne by a Fund.

Uncertain Exit Strategies. Due to the illiquid nature of many of the positions which a Fund is expected to acquire, as well as the uncertainties of the reorganization and active management process, Adviser will be unable to predict with confidence what the exit strategy will ultimately be for any given core position, or that one will definitely be available. Exit strategies, which appear to be viable when an investment is initiated, may be precluded by the time the investment is ready to be realized due to economic, legal, political or other factors.

General Private Equity Risks.

Risk of Early Stage Companies. A Fund may invest in private equity of companies at an early stage of development, which involves a high degree of business and financial risk. Early stage companies with little or no operating history may require substantial additional capital to support expansion or to achieve or maintain a competitive position, may produce substantial variations in operating results from period to period or may operate at a loss. Such companies may face intense competition, including competition from companies with greater financial resources, more extensive development, better marketing and service capabilities and a larger number of qualified management and technical personnel. Such risks may adversely affect the performance of such investments and result in substantial losses.

Control Issues. Although Adviser may seek protective provisions, including, possibly, board representation, in connection with certain of its private equity investments, to the extent a Fund takes minority positions in companies in which it invests, Adviser may not be in a position to exercise control over the management of such companies, and, accordingly, may have a limited ability to protect its position in such companies.

Highly-Leveraged Companies. Investments in private equity of highly-leveraged companies involve a high degree of risk. Some of a Fund's investments in companies may involve leverage, which in turn will increase the exposure of such companies to adverse economic factors such as downturns in the economy or deterioration in the conditions of such companies or their respective industries. In the event any such company cannot generate adequate cash flow to meet debt service, the Fund may suffer a partial or total loss of capital invested in the company, which, depending on the size of the Fund's investments, could adversely affect the return on the capital of the Fund.

Illiquid Investments. A Fund may invest in securities, interests in real estate, bank debt and other claims, and other assets, which are subject to legal or other restrictions on transfer or for which no liquid market exists, certain of which may be allocated to an illiquid series of interests/shares. The market prices, if any, for such investments tend to be volatile and, as with real estate assets, may not be readily ascertainable, and the Fund may not be able to sell them 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 restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. The Fund may not be able to readily dispose of such illiquid investments and,

in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. An investment in any of the Funds is suitable only for certain sophisticated investors who do not require immediate liquidity for their investments.

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

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

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

Call Options. There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (e.g., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase,

except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the securities to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option.

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

Other Derivative Instruments. A Fund may enter into swaps and other derivative instruments. It may take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the investment objective of the Fund and legally permissible. Special risks may apply to instruments that are invested in by the Fund in the future that cannot be determined at this time or until such instruments are developed or invested in by the Fund. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk.

Currency Exchange Exposure. A Fund may invest a portion of its assets in the securities of non-U.S. issuers and other instruments denominated in non-U.S. currencies, the prices of which are determined with reference to currencies other than the U.S. dollar. Each Fund, however, values its securities and other assets in U.S. dollars. The Fund may or may not seek to hedge its non-U.S. currency exposure by entering into currency hedging transactions, such as treasury locks, forward contracts, futures contracts and cross-currency swaps. There can be no guarantee that instruments suitable for hedging currency or market shifts will be available at the time when the Fund wishes to use them, or that hedging techniques employed by the Fund will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all.

To the extent unhedged, the value of the Fund's positions in non-U.S. investments will fluctuate with U.S. dollar exchange rates as well as the price changes of the investments in the various local markets and currencies. In such cases, an increase in the value of the U.S. dollar compared to the other currencies in which the Fund makes its investments will reduce the effect of any increases and magnify the effect of any decreases in the prices of the Fund's securities in their local markets and may result in a loss to the Fund. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on the Fund's non-U.S. dollar investments.

Furthermore, a Fund may incur costs in connection with conversions between various currencies. Non-U.S. currency exchange dealers realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to the Fund at one rate, while offering a lesser rate of exchange should the Fund desire immediately to resell that currency to the dealer. Each Fund conducts its currency exchange transactions either on a spot (i.e., cash) basis at the spot rate prevailing in the currency exchange market, or through entering into forward, futures or commodity options contracts to purchase or sell non-U.S. currencies. Most of a Fund's currency

exchange transactions occur at the time securities are purchased and are executed through the local broker or custodian acting for the Fund.

Leverage and Borrowing Risks. Each Fund has the power to borrow funds and may do so when deemed appropriate by Adviser, including to enhance the Fund's returns and meet redemptions that would otherwise result in the premature liquidation of investments. Each Fund will borrow funds from brokers, banks and other lenders to finance its trading operations. The use of such leverage can, in certain circumstances, magnify the losses to which the Fund's investment portfolio may be subject. Such leverage, which may be substantial, may be achieved through, among other methods, purchases of securities on margin and the use of options, futures, forward contracts, repurchase and reverse repurchase agreements and swaps. The access to capital could be impaired by many factors, including market forces or regulatory changes. There could also be other factors more specific to the Fund, such as fraud on behalf of one of the employees. If the Fund were unable to borrow capital, it may need to liquidate assets in order to meet its liabilities.

A Fund may achieve better margin lending terms from certain of its prime brokers than are generally available to U.S. investors. As a result, the level of margin available to the Fund for its investments are generally limited only by the credit decisions of its prime brokers. There can be no assurance, however, that such prime brokers will either continue such arrangements with the Fund or that such prime brokers and other lenders will approve extensions of credit to the Fund at the levels requested by the Fund. Any restriction on the availability of credit from such parties could adversely affect a Fund's performance.

The use of margin and short term borrowings creates several risks for a Fund. If the value of the Fund's securities falls below the margin level required by a prime broker, additional margin deposits would be required. If the Fund is unable to satisfy any margin call by a prime broker, then the prime broker could liquidate the Fund's position in some or all the financial instruments that are in the Fund's account at the prime broker and cause the Fund to incur significant losses. The failure to satisfy a margin call, or the occurrence of other material defaults under margin or other financing agreements, may trigger cross-defaults under the Fund's agreements with other brokers, lenders, clearing firms or other counterparties, multiplying the adverse impact to the Fund. In addition, because the use of leverage allows the Fund to control positions worth significantly more than its investment in those positions, the amount that the Fund may lose in the event of adverse price movements is high in relation to the amount of its investment.

In the event of a sudden drop in the value of a Fund's assets, the Fund might not be able to liquidate assets quickly enough to satisfy its margin requirements. In that event, the Fund may become subject to claims of financial intermediaries that extended "margin" loans. Such claims could exceed the value of the assets of the Fund. The banks and dealers that provide financing to the Fund can 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. There can be no assurance that the Fund will be able to secure or maintain adequate financing, without which the Fund may not continue to be viable.

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

While leverage increases the buying power of a Fund and presents opportunities for increasing total returns, it has the effect of potentially increasing losses as well. For example, funds borrowed for

leveraging will be subject to interest, transaction and other costs, and other types of leverage also involve transaction and other costs. Any such costs may or may not be recovered by the return on the Fund's portfolio. Leverage will increase the investment return of the Fund if an investment purchased with or utilizing leverage earns a greater return than the cost to the Fund of such leverage. The use of leverage will decrease the investment return if the Fund fails to recover the cost of such leverage.

Systemic Risk. Credit risk may also 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 a Fund interacts on a daily basis.

Volatility Risk. A Fund's investment program may involve the purchase and sale of equity derivatives, which are frequently valued based on implied volatilities of such derivatives compared to the historical volatility of their underlying securities. Fluctuations or prolonged changes in the volatility of securities, therefore, can adversely affect the value of securities held by such Fund.

Short Selling. A Fund's investment portfolio may include short positions. Short selling involves selling securities which may or may not be owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from a decline in the price of a particular security to the extent that such decline exceeds the transaction costs and the costs of borrowing the securities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Fund of buying those securities to cover the short position. There can be no assurance that the security necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Hedging Transactions. A Fund may utilize a variety of financial instruments, such as short sales, options, swaps, caps and floors, and futures and forward contracts and similar derivatives, both for investment purposes and for risk management purposes. While the Fund may enter into hedging transactions to seek to reduce risk, such transactions may not be fully effective in mitigating the risks in all market environments or against all types of risk (including unidentified or unanticipated risks), thereby incurring losses to the Fund. In addition, such hedging transactions may result in a poorer overall performance for the Fund than if it had not engaged in any such hedging transactions. Moreover, it should be noted that (1) Adviser may determine not to hedge against, or may not anticipate certain risks and (2) the portfolio will always be exposed to certain risks that cannot be hedged, such as credit risk (relating both to particular securities and counterparties).

Limited Diversification. In the normal course of making investments on behalf of a Fund, Adviser will attempt to diversify its investments. However, the Fund's portfolio could become significantly concentrated in any one issuer, industry, sector, strategy, country or geographic region, and such concentration of risk may increase the losses suffered by the Fund. In addition, it is possible that Adviser may select investments that are concentrated in a limited number or type of financial instruments. This limited diversity could expose the Fund to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in those financial instruments.

A Fund may provide investors with the option to opt-in or opt-out of participating in new illiquid "Special Investments". If a significant number of investors opt-out of participating in Special Investments, each

Opt-In investor will hold a larger percentage of, and therefore be more concentrated in, a Special Investment as compared to its exposure to the rest of the Fund's portfolio.

Liquidity Risks. Liquidity may be essential to each Fund's business. Under certain market conditions, such as during volatile markets or when trading in a security or market is otherwise impaired, the liquidity of a Fund's portfolio positions may be reduced. During such times, the Fund may be unable to dispose of certain assets, which would adversely affect the Fund's ability to rebalance its portfolio or to meet redemption requests. In addition, such circumstances may force the Fund to dispose of assets at reduced prices, thereby adversely affecting the Fund's performance. If there are other market participants seeking to dispose of similar assets at the same time, the Fund may be unable to sell such assets or prevent losses relating to such assets. Furthermore, if the Fund incurs substantial trading losses, the need for liquidity could rise sharply while its access to liquidity could be impaired. In addition, in conjunction with a market downturn, the Fund's counterparties could incur losses of their own, thereby weakening their financial condition and increasing the Fund's credit risk to them.

Necessity for Counterparty Trading Relationships; Counterparty Risk. Each Fund has established, and may in the future establish, relationships to obtain financing, derivative intermediation and prime brokerage services that permit each Fund to trade in any variety of markets or asset classes over time; however, there can be no assurance that a Fund will be able to establish or maintain such relationships. An inability to establish or maintain such relationships would limit a Fund's trading activities, could create losses, and could preclude a Fund from engaging in certain transactions or obtaining financing, derivative intermediation and prime brokerage services and thus prevent a Fund from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships before a Fund establishes additional relationships could have a significant impact on the Fund's business due to the Fund's reliance on such counterparties.

Many of the markets in which a Fund may effect transactions are not "exchanged-based," including "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to the credit evaluation and regulatory oversight to which members of "exchange-based" markets are subject. The lack of evaluation and oversight of over-the-counter markets exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not *bona fide*) or because of a credit or liquidity problem, thus causing the Fund to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Fund has concentrated its transactions with a single or small group of counterparties. Generally, a Fund will not be restricted from dealing with any particular counterparties. Adviser's evaluation of the creditworthiness of their counterparties may not prove sufficient. The lack of a complete and "foolproof" evaluation of the financial capabilities of a Fund's counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by such Fund.

Counterparty Insolvency. The stability and liquidity of swap transactions, forward transactions and other over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transactions. It is expected that each Fund will monitor on an ongoing basis the creditworthiness of firms with which it will enter into interest rate swaps, caps, floors, collars or other over-the-counter derivatives. If there is a default by the counterparty to such a transaction, the Fund will under most normal circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in the net asset value of a Fund being less than if the Fund had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent. If one or more of a Fund's counterparties were to

become insolvent or the subject of liquidation or reorganization proceedings in the United States (either under the Securities Investor Protection Act or the United States Bankruptcy Code), there exists the risk that the recovery of the Fund's financial instruments from such prime broker or broker-dealer will be delayed or be of a value less than the value of the securities or assets originally entrusted to such prime broker or broker-dealer.

In addition, a Fund may use counterparties located in various jurisdictions outside the United States. Such local counterparties are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Fund's assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of their insolvency on the Fund and its assets. Investors should assume that the insolvency of any counterparty would result in a loss to the Fund, which could be material.

Fraud. Of paramount concern in investing is the possibility of material misrepresentation or omission on the part of a counterparty. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying an investment or may adversely affect the ability of a Fund to perfect or effectuate a lien on the collateral securing the investment. Each Fund will rely upon the accuracy and completeness of representations made by counterparties to the extent reasonable, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to a Fund may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

Co-Investments with Third Parties. A Fund may co-invest with third parties through joint ventures or other entities. Such investments may involve risks in connection with such third party involvement, including the possibility that a third party co-venturer may have financial difficulties, resulting in a negative impact on such investment, may have economic or business interests or goals that are inconsistent with those of the Fund, or may be in a position to take (or block) action in a manner contrary to the Fund's investment objectives. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements. Such compensation arrangements will reduce the returns to participants in the investments.

Position Limits. "Position limits" imposed by various regulators may also limit a Fund's ability to effect desired trades. Position limits are the maximum amounts of gross, net long or net short positions that any one person or entity may own or control in a particular financial instrument. All positions owned or controlled by the same person or entity, even if in different accounts, may be aggregated for purposes of determining whether the applicable position limits have been exceeded. Thus, even if a Fund does not intend to exceed applicable position limits, it is possible that different accounts managed by Adviser or its affiliates may be aggregated. To the extent that a Fund's position limits were collapsed with an affiliate's position limits, the effect on the Fund and resulting restriction on its investment activities could be significant. If at any time positions managed by Adviser were to exceed applicable position limits, Adviser would be required to liquidate positions, which might include positions of the Fund, to the extent necessary to come within those limits. Further, to avoid exceeding the position limits, the Fund might have to forego or modify certain of its contemplated trades.

Limitations Due to Regulatory Restrictions. A Fund may seek to acquire a significant stake in certain securities. In the event such stake exceeds certain percentage or value limits, the Fund may be required to file a notification with a governmental agency or comply with other regulatory requirements. Certain

notice filings are subject to a review that may require a delay in the acquisition of the security. Compliance with such filing and other requirements may result in additional costs to the Fund, and may delay the Fund's ability to respond in a timely manner to changes in the markets with respect to such securities.

Execution of Orders. A Fund's trading strategy depends on its ability to establish and maintain an overall market position in a combination of financial instruments selected by Adviser. A Fund's trading orders may not be executed in a timely and efficient manner due to various circumstances, including, without limitation, systems failures or human error attributable to the Fund, Adviser, the Fund's counterparties, brokers, dealers, agents or other service providers. In such event, the Fund might only be able to acquire some, but not all, of the components of such position, or if the overall position were to need adjustment, the Fund might not be able to make such adjustment. As a result, the Fund would not be able to achieve the market position selected by Adviser, which may result in a loss. In addition, the Fund relies heavily on electronic execution systems (and may rely on new systems and technology in the future), and such systems may be subject to failure, causing the interruption of trading orders made by the Fund. (See "— Systems Risks.")

Valuation of the Fund's Assets and Liabilities. The Funds' third party administrator (International Fund Services) ("**Administrator**") calculates the assets and liabilities of each Fund in accordance with the relevant Fund's Partnership Agreement or Memorandum of Association and Articles of Association, as the case may be, after consultation with Adviser, its affiliates or, if applicable to a particular Fund, board of directors (collectively, whether Adviser, its affiliates, or board of directors, the "**Valuation Party**"). If the Valuation Party determines that the market price does not fairly represent the value of an asset or liability, or that liquidation or third-party market valuations are unavailable to value an asset or liability, the Valuation Party will value such investment as it, in its sole discretion, reasonably determines. To the extent that a Fund invests in private securities or restricted securities, the valuation of such securities will be determined by the Valuation Party, whose determination will be final and conclusive as to all parties.

Due to a wide variety of market factors and the nature of certain financial instruments to be held by each Fund, there is no guarantee that the value determined by the Valuation Party will represent the value that will be realized by a Fund on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment. As a result, an investor redeeming its interest in a Fund prior to realization of such an investment may not participate in gains or losses therefrom to the extent such investments have not been allocated to a Special Investment account or shares.

The use of inaccurate valuations may prevent a Fund from effectively managing its investment portfolio and risks, may result in a Fund exceeding certain investment guidelines and may affect the diversification and risk management of the Fund's portfolio.

Special Investments and other financial instruments that lack liquidity and/or a readily assessable market value will generally be carried on the books of each Fund at fair value (which may be approximated by cost) as reasonably determined by the Valuation Party. There is no guarantee that fair value will represent the value that will be realized by a Fund on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment. A redeeming investor with an interest in a Special Investment will not receive any amount in respect of such interest until it is realized or deemed realized.

Reliance on Valuation Information From Employees and Third Parties. In order to value the assets and liabilities of the Funds, the Valuation Party may rely on information provided by employees or outside

parties, and such persons may provide inaccurate, incomplete, not current or otherwise unreliable information. In the case of employees who receive compensation based on the performance of certain investments, such employees may be motivated to provide incorrect valuation information in order to receive increased compensation. The Funds will implement procedures to safeguard against the use of inaccurate information, but may be unable to detect every error contained in the valuation information. To the extent the information received by the Funds is inaccurate or unreliable, the valuation of the Funds' assets and liabilities may be inaccurate.

Competition; Availability of Investments. Certain markets in which the Funds may invest are extremely competitive for attractive investment opportunities and, as a result, there may be reduced expected investment returns. There can be no assurance that a Fund will be able to identify or successfully pursue attractive investment opportunities in such environments. Among other factors, competition for suitable investments from other pooled investment vehicles, the public equity markets and other investors may reduce the availability of investment opportunities. There has been significant growth in the number of firms organized to make such investments, which may result in increased competition to a Fund in obtaining suitable investments.

Risks Relating to the Funds, Adviser and the Sub-advisors

Limited Operating History. The Funds each have a limited operating history upon which prospective investors may base an evaluation of the likely performance of the Funds.

Limited Liquidity. An investment in a Fund provides limited liquidity since the investments are not freely transferable, and the redemption rights of holders of the investments are restricted. Please see the applicable Offering Documents for complete details.

Differing Redemption Rights; Application of the Gate. The existence of multiple sub-classes of shares/interests with differing redemption rights, presents certain risks to investors. Some holders of some sub-classes who are able to redeem 25% of their investment as of any quarter end upon 90 days' notice may be materially affected by the actions of holders of other sub-classes who are not subject to the same limit (subject to payment of an additional fee). All investors will also be subject to a fund-level "Gate" in connection with their investments in the Fund, and, therefore, significant redemption requests by other investors may reduce the liquidity of the Fund and, if the Gate is applied or redemptions are suspended, restrict the amount of the investment an investor may redeem from the Fund. However, since the Fund is not required to use the Gate, if the Fund receives requests for, and meets, substantial redemptions, the Fund may be forced to liquidate investments at disadvantageous prices and the remaining portfolio may be less balanced, less liquid and less desirable, which could have a material adverse effect on the investors. Please see the applicable Offering Documents for complete details.

In-Kind Distributions. A redeeming investor may, in the sole discretion of the board of directors of the Fund or general partner, as the case may be, receive financial instruments in lieu of, or in combination with, cash. Generally, distributions in kind may be made if the board of directors or general partner believes it is in the best interest of the Fund or will result in treating redeeming and non-redeeming investors fairly or equitably. Financial instruments distributed in satisfaction of redemption may be distributed to a redeeming investor directly or indirectly through a distribution of interests in one or more trading vehicles or special purpose vehicles holding financial instruments owned by the Fund or participations in such financial instruments. To the extent a redeeming investor is distributed interests in one or more trading vehicles or special purpose vehicles holding participation interests in the financial instruments of the Fund, such redeeming investor may continue to be at risk of the Fund's business

(including its credit risk) until all such financial instruments are sold. The value of financial instruments distributed directly or indirectly in-kind may increase or decrease before they can be sold either by the redeeming investor, if received directly, or by Adviser, if held through a trading vehicle or special purpose vehicle. In either case, the redeeming investor will bear transaction costs in connection with the sale of any proceeds distributed in-kind, and, in the case of interests in trading vehicles or special purpose vehicles, a portion of the operating and other expenses borne by such vehicle. Additionally, financial instruments distributed in-kind to a redeeming investor, either directly or indirectly, may not be readily marketable. The risk of loss and delay in liquidating these financial instruments will be borne by the redeeming investor, and a redeeming investor may ultimately receive significantly less (or no) cash than it would have received on the date of redemption if it had been paid in cash. Furthermore, to the extent that a redeeming investor receives interests in one or more trading vehicles or special purpose vehicles, such redeeming investor will generally have no control over when and at what price the financial instruments in which such vehicles have an interest are sold. In addition, payment to such redeeming investor of that portion of its redemption proceeds attributable to financial instruments held by one or more trading vehicles or special purpose vehicles will be delayed until such time as such vehicles elect to liquidate such financial instruments.

To the extent that trading vehicles or special purpose vehicles are established for the purpose of distributing interests to redeeming investors, such vehicles will generally be managed towards liquidation. The portfolio strategies employed by Adviser for the Fund could conflict with the transactions and strategies employed by Adviser in managing the liquidation of the assets of such vehicles and may affect the prices of the financial instruments that such vehicles hold or to which they are exposed.

Distributions that are made in-kind may not represent a pro rata portion of the portfolio to the extent that a pro rata distribution is not practicable (i.e., if certain assets in the portfolio cannot be distributed in-kind, a redeeming investor may be paid in-kind with other assets that are capable of being distributed). Further, where deemed appropriate by the board of directors of the Fund or general partner, as the case may be, all or a portion of the assets distributed in-kind, may be liquid assets that are capable of being reduced to cash quickly. In the event that a distribution in-kind does not represent a pro rata portion of the portfolio, an investor receiving assets through such distribution may experience lower returns than it would have if it received a pro rata portion of the portfolio (or was distributed different assets in any non pro rata distribution). Conversely, the Fund's performance after making such a distribution may be lower than it would have if such assets remained in the portfolio entirely or were distributed pro rata in accordance with the portfolio, thereby adversely affecting the remaining investor.

For purposes of determining the value of any financial instruments distributed in-kind, either directly or indirectly, to an investor, the value assigned to such instruments will be the value of such instruments (as determined by the Valuation Party or its designee in accordance with the valuation methodology of the Fund) on the relevant redemption or withdrawal date. Please see the Offering Documents for complete details.

Incentive Allocation. The Incentive Allocation may create an incentive for Adviser or its affiliates to cause the Funds to make investments that are riskier or more speculative than would be the case in the absence of the Incentive Allocation. In addition, because the Incentive Allocation is calculated on a basis that includes unrealized appreciation of the Fund's assets, it may be greater than if it were based solely on realized gains.

Classes and Sub-Classes of Shares/Capital Accounts are not Separate Legal Entities. Each Fund is a single legal entity and creditors of a Fund may enforce claims against all assets of such Fund. In the

event that the assets attributable to one sub-class of shares or interests were completely depleted by losses and a liability remained, a creditor could enforce a claim against the assets of the other classes. Thus, for example, in the event that the assets attributable to shares or interests participating in Special Investments or “new issues” were completely depleted by losses or liabilities, a creditor nonetheless could enforce a claim against a Fund, which would be borne by the other classes and sub-classes of shares or interests that did not participate in the investment or transaction.

Subscription Monies. Where a subscription for Shares is accepted, the Shares will be treated as having been issued with effect from the relevant Subscription Date (as defined in the Articles) notwithstanding that the subscriber for those Shares may not be entered in the Funds’ register of members until after the relevant Subscription Date. The subscription monies paid by a subscriber for Shares will accordingly be subject to investment risk in the Funds from the relevant Subscription Date.

Changes in Regulatory Oversight. While each Fund may be considered similar to an investment company, it is not required to register as such under the Investment Company Act of 1940, as amended (the “1940 Act”) (or pursuant to the laws of any other jurisdiction).¹ Accordingly, the provisions of the 1940 Act (which requires, among other things, investment companies to have a majority of disinterested directors, that securities be held in custody and individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company) are not applicable to investors in any Fund.

However, the financial services industry generally, and the activities of hedge funds and their managers, in particular, have been subject to intense and increasing regulatory scrutiny. Such scrutiny may increase a Fund’s and Adviser’s exposure to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight can also impose administrative burdens on Adviser, including, without limitation, responding to investigations and implementing new policies and procedures. Such burdens may divert Adviser’s time, attention and resources from portfolio management activities.

Investment advisers registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”) are, among other rules, required to adopt written compliance policies and to designate a chief compliance officer to be responsible for administering such policies. Registered investment advisers and funds managed by them are also subject to record retention requirements and periodic inspection by the SEC. Adviser is registered with the U.S. Securities and Exchange Commission as an investment adviser under Advisers Act. The SEC also has been focusing on compliance with anti-money laundering requirements, which may further increase the regulatory burden to which Adviser will be subject. TPG-Axon Capital (HK), Limited, a “Sub-advisor”, is registered with the Hong Kong Securities and Futures Commission. TPG-Axon Capital (HK), Limited, Tokyo Branch and TPG-Axon Capital (UK), LLP, both Sub-advisors, are regulated by Japan’s Financial Supervisory Agency, and the United Kingdom’s Financial Services Authority, respectively.

Furthermore, as former senior officers of major securities firms, senior professionals of Adviser and its affiliates may be called upon to provide information to and/or testify before the SEC and other government regulators and self-regulatory organizations regarding their activities or the activities of their firms during their tenure. Such inquiries and/or investigations are generally confidential in nature, may involve a review of an individual’s or a firm’s activities, or may involve studies of the industry or

¹ Several of the Funds are registered as mutual funds under the laws of the Cayman Islands.

industry practices, as well as the practices of a particular institution. Adviser is not aware of any pending matters that are material to the Funds or the interests of its investors.

In addition, it is anticipated that, in the normal course of business, Adviser and its officers will have contact with governmental authorities, and/or be subjected to responding to questionnaires or examinations. For example, this is typical in connection with the examination of a registered investment adviser. A Fund may also be subject to regulatory inquiries concerning its positions and trading.

Commodities and Futures. The Funds may trade on a limited basis in commodities and futures. Such trading activity is regulated by the U.S. Commodity Futures Trading Commission (the “CFTC”). Pursuant to an exemption from registration under CFTC regulations, Adviser currently is not required to register, and is not registered, with the CFTC or the National Futures Association (“NFA”) pursuant to CFTC Rule 4.13(a)(3) (the “De Minimis Exemption”). Therefore, unlike a registered CPO, Adviser is not required to deliver a CFTC disclosure document to prospective Shareholders, nor are they required to provide Shareholders with certified annual reports that satisfy the requirements of CFTC rules applicable to registered CPOs. Adviser reserves the right to register with the CFTC as a CPO if it cannot continue to comply with the De Minimis Exemption or any other available exemptions from registration.

To the extent Adviser has to register with the CFTC as a CPO, it would be subject to increased regulatory oversight that would impose additional administrative burdens.

Adviser, with respect to the Funds, qualifies for the exemption under CFTC Rule 4.13(a)(3) on the basis that, among other things (i) each Shareholder is a “qualified eligible person”, as defined under Rule 4.7(a)(2) of the U.S. Commodity Exchange Act, as amended, or an “accredited investor”, as defined under U.S. Securities and Exchange Commission rules; (ii) the Shares are exempt from registration under the U.S. Securities Act of 1933, as amended, and are offered and sold without marketing to the public in the United States; (iii) participations in the Fund and the Master Fund are not marketed as or in a vehicle for trading in the commodity futures or commodity options markets; and (iv) at all times that the Fund or the Master Fund establishes a commodity interest or securities futures position, either (a) the aggregate initial margin and premiums required to establish such positions will not exceed 5% of the liquidation value of the Funds’ portfolio; or (b) the aggregate net notional value of the Funds’ commodity interest and security futures positions will not exceed 100% of the liquidation value of the Funds’ portfolio.

Adviser is exempt from registration with the CFTC as a Commodity Trading Advisor (“CTA”) pursuant to CFTC Rule 4.14(a)(10).

Business and Regulatory Risks of Hedge Funds. Legal, tax and regulatory developments that may adversely affect a Fund could occur during the term of a Fund. Securities and futures markets are subject to comprehensive statutes, regulations and margin requirements enforced by the SEC, other regulators and self-regulatory organizations and exchanges authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to change by government and judicial actions. The regulatory environment for private funds is evolving, and currently there are numerous legislative and regulatory proposals in the United States, Europe and other countries that would affect a Fund and its trading activities. Changes in the regulation of private funds and their trading activities may adversely affect the ability of a Fund to pursue its investment strategy, its ability to obtain leverage and financing and the value of investments held by such Fund. There has been an increase in governmental, as well as self-regulatory, scrutiny of the alternative investment industry in general. It is impossible to predict what, if any, changes in laws and regulations may occur, but any laws and regulations which restrict the ability of

a Fund to trade in securities or the ability of the Fund to employ, or brokers and other counterparties to extend, credit in its trading (as well as other regulatory changes that result) could have a material adverse impact on the Fund's portfolio.

A Fund and/or Adviser may also be subject to regulation in jurisdictions in which the Fund and Adviser engage in business. Investors should understand that the Fund's business is dynamic and is expected to change over time. Therefore, the Fund may be subject to new or additional regulatory constraints in the future. This summary of risks cannot address or anticipate every possible current or future regulation that may affect Adviser, the Fund or their businesses. Such regulations may have a significant impact on the investors or the operations of the Fund, including, without limitation, restricting the types of investments the Fund may make, preventing the Fund from exercising its voting rights with regard to certain financial instruments, requiring the Fund to disclose the identity of its investors. Adviser may, in its sole discretion, cause the Fund to be subject to such regulations if it believes that an investment or business activity is in the Fund's interest, even if such regulations may have a detrimental effect on one or more investors. Prospective investors are encouraged to consult their own advisors regarding an investment in the Fund.

In July 2010, the U.S. President signed the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), which aims to reform various aspects of the U.S. financial markets. The Dodd-Frank Act covers a broad range of market participants including banks, non-banks, rating agencies, mortgage brokers, credit unions, insurance companies, payday lenders, broker-dealers and investment advisers. The Dodd-Frank Act directly affects Adviser by mandating additional new reporting requirements, including, but not limited to, position information, use of leverage and counterparty and credit risk exposure. In addition, the Dodd-Frank Act requires additional recordkeeping by the Fund. The new reporting and recordkeeping requirements will impose additional burdens on the Adviser's time, attention and resources. The Dodd-Frank Act may also affect the Fund in a number of other ways. The Dodd-Frank Act creates the Financial Stability Oversight Council (the "**Council**") that is charged with monitoring and mitigating systemic risk. As part of this responsibility, the Council would have the authority to subject banks and other financial firms (like the Fund) to regulation by the Federal Reserve Board, which could limit the amount of risk-taking engaged in by the Fund.

Payment of Redemption Proceeds Based on Unaudited Data. As provided in the respective Fund Offering Documents, if an investor requests to redeem 95% or more of the Net Asset Value of a series of its investment (computed on the basis of unaudited data), an amount equal to not less than 95% of the estimated (computed on the basis of unaudited data) redemption proceeds payable to such investor will be paid within 45 days after the applicable redemption date and the Fund will endeavor to pay the balance, together with interest thereon (calculated weekly from the effective date of redemption at the short term (13 week) U.S. Treasury Bill rate), as soon as practicable, but not later than 45 days after the completion of the audit of the Fund's books for the year in which such redemption occurs. Accordingly, adjustments and revisions may be made to the Fund's Net Asset Value following the year-end audit of the Fund. Such adjustments and revisions may either increase or decrease the Net Asset Value of the Fund, which will affect the investors at the time of such adjustment or revision.

Effect of Redemption. The exercise by investors of their right to redeem their interests/shares may cause a Fund to be unable to carry out a particular investment strategy. The obligation of a Fund to honor one or more redemption requests may adversely affect the Fund's ability to accomplish its economic objectives and may cause Adviser to dissolve the Fund as a means of meeting the redemption requests of investors.

Regulatory and Tax Changes to the Treatment of Derivatives and Leverage. In addition, the regulatory and tax environment for derivative instruments in which a Fund may participate is evolving, and changes in the regulation or taxation of such investments may materially adversely affect the value of such investments and the ability of a Fund to pursue its investment strategies. In the area of derivatives, the Dodd-Frank Act requires that the majority of standardized swaps and security-based swaps be traded through clearing houses. Clearing houses have risk models which require initial and variation margin and are subject to rules that limit portfolio margining. Traditional over-the-counter swaps may continue to exist, but the margin related to such swaps is likely to be significantly higher than prior to the Dodd-Frank Act. These changes may increase the costs to the Master Fund to enter into derivative transactions and to offset risk between transactions. In addition, during the time in which many of the rules related to the Dodd-Frank Act are finalized and implemented, there is likely to be uncertainty about the impact of these rules which may decrease liquidity. Liquidity may also be affected by the increased cost of derivative transactions.

Similarly, the regulatory environment for leveraged investors and for hedge funds generally is evolving, and changes in the direct or indirect regulation of leveraged investors or hedge funds may materially adversely affect the ability of a Fund to pursue certain investment objectives or strategies that may have allowed it to obtain higher returns.

Systems Risks. Each Fund depends on Adviser to develop and implement appropriate systems for the Fund's activities. Each Fund relies extensively on computer programs and systems to trade, clear and settle securities transactions, to evaluate certain securities based on real-time trading information, to monitor its portfolio and net capital, and to generate risk management and other reports that are critical to oversight of such Fund's activities. In addition, certain of a Fund's and Adviser's operations interface with or depend on systems operated by third parties, including its prime brokers and market counterparties and their sub-custodians and other service providers, and the Fund or Adviser may not be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures or interruptions, including, but not limited to, those caused by computer "worms," viruses and power failures. Any such defect or failure could have a material adverse effect on the Fund. For example, such failures could cause settlement of trades to fail, lead to inaccurate accounting, recording or processing of trades, and cause inaccurate reports, which may affect the Fund's ability to monitor its investment portfolio and its risks. Studies have shown that the lack of adequate systems is often a significant contributing factor to failures of funds like the Funds.

Operational Risk. Each Fund depends on Adviser to develop the appropriate systems and procedures to control operational risk. These systems and procedures may not account for every actual or potential disruption of a Fund's operations. A Fund's business is highly dependent on its ability to process, on a daily basis, a large number of transactions across numerous and diverse markets. Consequently, each Fund relies heavily on its financial, accounting and other data processing systems. The ability of its systems to accommodate an increasing volume of transactions could also constrain a Fund's ability to properly manage the portfolio. Systemic failures in the systems employed by a Fund, prime brokers, the Administrator and/or counterparties, exchanges and similar clearance and settlement facilities and other parties could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. Operational risks arising from mistakes made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or other similar disruption in a Fund's operations may cause the Fund to suffer financial loss, the disruption of its business, liability to clients or third parties, regulatory intervention or reputational damage.

Business Dependent Upon Key Individuals. The investors have no authority to make decisions or to exercise investment discretion on behalf of a Fund. The authority for all such decisions is delegated to Adviser. The success of each Fund depends upon the ability of Adviser to develop and implement investment strategies that achieve such Fund's investment objectives. Subjective decisions made by Adviser may cause a Fund to incur losses or to miss profit opportunities on which it would otherwise have capitalized. If certain key individuals were to become unable to directly participate in the management of a Fund, the consequences to the Fund may be material and adverse and may lead to the premature termination of the Fund. Certain key individuals or their respective estates may be entitled to continuation of certain payments from Adviser based on the performance of a Fund for a period following separation due to death or disability. Such payments could make it more difficult to replace these key individuals. Each Fund has different "key man" provisions and investors should refer to the respective Fund Offering Documents for specific detail.

Retention and Motivation of Key Personnel. Each Fund's performance is largely dependent on the talents and efforts of highly skilled individuals. Competition in the financial services industry for qualified personnel is intense. Each Fund's continued ability to effectively manage its portfolio depends on Adviser's ability to attract new personnel and to retain and motivate its existing personnel.

Misconduct of Employees and of Third Party Service Providers. Misconduct by employees or by third party service providers could cause significant losses to the Funds. Employee misconduct may include binding the Fund to transactions that exceed authorized limits or present unacceptable risks and unauthorized trading activities or concealing unsuccessful trading activities (which, in either case, may result in unknown and unmanaged risks or losses). Losses could also result from actions by third party service providers, including, without limitation, failing to recognize trades and misappropriating assets. In addition, employees and third party service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting a Fund's business prospects or future marketing activities. Although Adviser will adopt measures to prevent and detect employee misconduct and to select reliable third party providers, such measures may not be effective in all cases.

ASC 820 and Other Changes in Accounting Rules. Each Fund's assets and liabilities are valued in accordance with the valuation policies set forth in Offering Documents, subject to the policies and control of the board of directors or general partner, as the case may be. However, for purposes of preparing a Fund's annual audited financial statements, which are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), certain of the Fund's assets and liabilities may be valued in a manner that, while consistent with GAAP, is different from the manner in which such assets are valued in accordance with the valuation policies set forth herein.

Specifically, for purposes of GAAP-compliant financial reporting, a Fund is required to follow a specific framework for measuring the fair value of its assets and liabilities, and is required to provide certain additional disclosures regarding the use of fair value measurements in their audited financial statements. Many of these requirements are set forth in Accounting Standards Codification ("ASC") 820, Fair Value Measurements and Disclosures ("ASC 820"), formerly FASB Statement No. 157, which defines and establishes a framework for measuring fair value under GAAP and expands financial statement disclosure requirements relating to fair value measurements. FAS 157 was issued by the Financial Accounting Standards Board ("FASB") in September 2006, and ASC 820 applies to all GAAP-compliant financial statements issued for fiscal years beginning after November 15, 2007. Other valuation-related requirements are contained in other provisions of GAAP, and other related FASB Statements and guidance. Additional FASB Statements and guidance, and additional provisions of GAAP that may be

adopted in the future may also impose additional, or different, specific requirements as to the valuation of assets and liabilities for purposes of GAAP-compliant financial reporting.

Each Fund will continue to monitor the application of ASC 820, and of other relevant FASB Statements and guidance, to the valuation of the Fund's assets and liabilities. A Fund may determine, in certain instances, to value a particular asset at a different value for financial reporting purposes than the value of that same asset as determined in accordance with the valuation policies set forth herein. For example, a Fund may determine that ASC 820 may require the Fund, for purposes of GAAP-compliant financial reporting, to value its investments at values that are different than the values that are determined in accordance with the valuation policies set forth herein.

Accordingly, to the extent that GAAP would require any of a Fund's assets or liabilities to be valued in a manner that differs from the valuation policies set forth in the Offering Documents, such assets or liabilities will be valued (x) in accordance with GAAP, solely for purposes of preparing the Fund's GAAP-compliant annual audited financial statements, and (y) in accordance with the valuation policies set forth in the Offering Documents, subject to the policies and control of the Valuation Party (without regard to any GAAP requirements relating to the determination of fair value), for all other purposes.

Generally, ASC 820 and other accounting rules applicable to investment funds and various assets they invest in are evolving. Such changes may adversely affect a Fund. For example, the evolution of rules governing the determination of the fair value of assets may increase the cost and/or reduce the availability of third-party determinations of fair market value. This may in turn increase the costs associated with selling assets or affect their liquidity due to inability to obtain a third-party determination of fair value.

Certain Accounting Matters; Effect on Net Asset Value. Pursuant to U.S. Financial Accounting Standards Board Accounting Standards Codification 740, formerly known as FIN 48 ("**FASB ASC 740**"), which was adopted in 2009 and provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in financial statements, a Fund is required to determine whether a tax position, based on its technical merits, meets a more-likely-than-not recognition threshold that the position will be sustained upon examination. As a result of such a determination, a Fund may be required to recognize a contingent tax liability in its net asset value calculation if the related tax position meets the recognition criteria in FASB ASC 740 and, conversely, may be required to unrecognize a contingent tax liability in its net asset value calculation if the related tax position does not meet the recognition criterion in FASB ASC 740. In addition, the net asset value of a Fund may be adjusted if an uncertain tax position is settled. Since FASB ASC 740 has only recently been adopted and has not been previously applied, a Fund may be required to recognize in its financial statements contingent liabilities that under prior accounting standards would not have been recognized. Such contingent liabilities may also relate to time periods that predate the effective date of FASB ASC 740 and an investor's investment in a Fund. Recognition and measurement of each tax position, including any tax position for which there is a lack of authority and audit experience, is determined by the general partner or board of directors, in its sole discretion, based on discussions with Adviser, tax advisors and the auditor, and based on the facts and circumstances known at the time. There can be no assurance that any such determination will not change over time. Adjustments made to the net asset value of a Fund in connection with the recognition or unrecognition of contingent tax liabilities may positively or negatively affect certain investors and prospective investors, depending on the circumstances.

Identity of Beneficial Ownership and Withholding on Certain Payments. In order to avoid a U.S. withholding tax of 30% on certain payments (including payments of gross proceeds) made with respect to certain actual and deemed U.S. investments, non-US Funds will be required to enter into an agreement by

December 31, 2013 with the Internal Revenue Service (the “**Service**”) identifying certain direct and indirect U.S. account holders (including debtholders and equityholders). A non-U.S. investor in a non-US Fund will generally be required to provide to the Fund information which identifies its direct and indirect U.S. ownership. Any such information provided to the Fund will be shared with the Service. A non-U.S. investor that is a “foreign financial institution” within the meaning of Section 1471(d)(4) of the Internal Revenue Code will generally be required to enter into an agreement with the Service by December 31, 2013 identifying certain direct and indirect U.S. account holders(including debtholders and equityholders). A non-U.S. investor who fails to provide such information to the Fund or enter into such an agreement with the Service, as applicable, would be subject to the 30% withholding tax with respect to its share of any such payments attributable to U.S. investments of the Fund, and the board of directors may take any action in relation to an investor’s shares or redemption proceeds to ensure that such withholding is economically borne by the relevant investor whose failure to provide the necessary information gave rise to the withholding. Investors should consult their own tax advisers regarding the possible implications of these rules on their investments in the Fund.

Terrorist Action. There is a risk of terrorist attacks on the United States and elsewhere, potentially causing significant loss of life and property damage and disruptions in global markets. Economic and diplomatic sanctions may be in place or imposed on certain states, and military action may be commenced. The impact of such events is unclear but could have material adverse effects on general economic conditions and market liquidity.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in each respective Fund. Prospective investors should read the entire Offering Documents and consult with their own advisers before deciding to invest.

ITEM 9. DISCIPLINARY INFORMATION

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of TPG-Axon or the integrity of TPG-Axon’s management. TPG-Axon has no information applicable to this Item 9.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

TPG-Axon Partners GP, L.P. (“**Partners GP**”), an affiliate of TPG-Axon, serves as the general partner of TPG-Axon Partners, LP, one of the Funds. Partners GP wholly owns Montrica General Partner Limited which in turn serves as general partner of Montrica Global Opportunities Fund LP, another of the Funds. Partners GP serves as the managing member of TPG-Axon International GP, LLC which serves as the general partner of TPG-Axon International, L.P., the mini-master trading vehicle for (and wholly owned subsidiary of) TPG-Axon Partners (Offshore), Ltd., another of the Funds. A summary of the Funds and related entities is below:

Investment Manager

TPG-Axon Management LP

General Partners

TPG-Axon Partners GP, L.P.
TPG-Axon International GP, LLC
Montrica General Partner Limited

Funds

TPG-Axon Partners, LP
TPG-Axon Partners (Offshore), Ltd.
Montrica Global Opportunities Fund
Montrica Global Opportunities Fund BPF
Montrica Global Opportunities Fund LP

Intermediate Entities

Montrica Intermediate Fund L.P.
Montrica Global Opportunities Intermediate Fund BPF L.P.
Montrica Global Opportunities Intermediate Fund L.P.

Trading Entities

TPG-Axon International, L.P.
Montrica Global Opportunities Master Fund

In addition to the entities listed above, Funds may from time to time invest through subsidiary investment holding entities.

Either TPG-Axon Partners GP, L.P., TPG-Axon International GP, LLC, or Montrica General Partner Limited, each a related person of Adviser, serves as the general partner for limited partnerships for which Adviser serves as investment manager.

Adviser has a business alliance with TPG Holdings, LP and its affiliates (collectively, “TPG”). Certain partners of TPG and certain partners of Adviser and its affiliates hold passive, minority interests in each other’s management entities.

As discussed in Item 4 above, TPG-Axon has affiliated entities that provide investment sub-advisory services to the Funds. These advisory affiliates, TPG-Axon Capital (HK), Limited; TPG-Axon Capital (HK), Limited, Tokyo Branch; and TPG-Axon Capital (UK), LLP, are treated as “associated persons,” subject to our supervision and control.

Conflicts of Interest

Adviser manages Funds pursuing various investment strategies, which are described more fully in Item 8. Although Adviser and its employees have procedures in place which seek to mitigate conflicts, there may be certain inherent and potential conflicts of interest between Adviser, its affiliates and their employees and principals, on the one hand, and the Funds, on the other hand. These material conflicts are described more fully below and in the respective Offering Documents of the Funds.

Access to Non-Public Information. As a result of Adviser’s relationship with TPG or otherwise, Adviser may come into possession of material non-public information with respect to issuers in which TPG has, or may be considering making, an investment. As a consequence, Adviser may be precluded from trading in the securities of that issuer. Adviser and TPG have established policies and procedures designed to limit

the sharing of such information between the two firms and, where the information is shared, to avoid any transactions while in possession of that information except to the extent consistent with applicable law. However, there can be no assurance that such policies and procedures will be sufficient under all circumstances and, in the event any unlawful trading were to occur, the Funds, Adviser and its principals could be exposed to substantial liability under the Federal securities laws, including in certain circumstances treble damages in respect of any profits realized.

Conflicts of Interests for Principals and Employees. The principals and employees of Adviser will be subject to a variety of conflicts of interest relating to their responsibilities for the Funds and the management of their respective portfolios. Certain principals and employees may serve as a member of a Fund's board of directors, as a member of an investment or advisory committee, or otherwise in an advisory capacity for one or more corporations, foundations or other organizations. Such positions may create a conflict between the services and advice provided to such organizations and the responsibilities owed to the Fund. There is passive, minority cross ownership between the partners of TPG and partners of TPG-Axon. The firms or their principals may also become involved in other investment funds and accounts, some of which may have investment objectives that overlap with the Funds. Furthermore, certain principals and employees of Adviser may have a greater financial interest in the performance of such other funds or accounts than in the performance of the Funds. Such involvement may create conflicts of interest in making investments on behalf of the Funds and such other funds and accounts. Although such principals and employees seek to limit any such conflicts in a manner that is in accordance with their fiduciary duties to the Funds and such organizations, there can be no assurance that serving in such positions will have no impact on the person's ability to perform his responsibilities on behalf of the Funds. Adviser or its affiliates may from time to time provide back office and administration support to the Funds.

Conflicts of Interest of Adviser; Selection of Brokers. Adviser will be subject to a variety of conflicts of interest in making investments on behalf of the Funds. For example, Adviser may be subject to conflicts relating to its selection of brokers on behalf of the Funds. Portfolio transactions for the Funds will be allocated to brokers on the basis of best execution and in consideration of a broker's ability to effect the transactions, its facilities, reliability and financial responsibility and the provision or payment by the broker of the costs of research and research-related services. However, brokers may provide other services that are beneficial to Adviser and its partners, but not necessarily beneficial to the Funds, including, without limitation, consulting with respect to technology, operations, equipment and office space, and other services or items. Such services and items may influence Adviser's selection of brokers.

Trade Errors. On occasion, errors may occur with respect to trades executed on behalf of the Fund(s). Trade errors can result from a variety of situations, including, for example, when the wrong security is purchased or sold, when the correct security is purchased or sold but for the wrong account, and when the wrong quantity is purchased or sold (e.g., 1,000 shares instead of 10,000 shares are traded). Trade errors frequently result in losses but may, occasionally, result in gains. TPG-Axon endeavors to detect trade errors prior to settlement and correct and/or mitigate them in an expeditious manner. To the extent an error is caused by a third party, such as a broker, TPG-Axon will strive to recover any losses associated with such error from such third party. TPG-Axon will determine whether any trade error has resulted from fraud, bad faith, gross negligence or willful misconduct on its part, and, unless it finds that to be the case, any losses will be borne by (and any gains will benefit) the Fund(s), as the case may be. Investors should be aware that, in making such determinations, TPG-Axon will have a conflict of interest.

Trade Allocation. If it is determined by Adviser that it would be appropriate for a Fund, and one or more other accounts or investment funds managed by it, to participate in an investment opportunity, Adviser

will seek to execute orders for all of the participating accounts and investment funds, including the Fund, on a fair and equitable basis, taking into account such factors as Adviser deems appropriate and which may include: the investment objectives with respect to the Fund and the other accounts, the availability of leverage, the relative amounts of capital available for new investments, relative exposure to market trends, transaction costs, the portfolio positions of the participating accounts, the manner in which the investment in question is likely to affect the amount of available capital after the investment is made, investment guidelines or restrictions and investment strategies, concentrations and diversification, tax and regulatory issues, the nature and size of existing portfolio holdings and cash positions, risk/return objectives and anticipated redemptions and subscriptions (liquidity). In certain circumstances, Adviser may give special consideration to certain factors such as new accounts (including those in which Adviser or its partners may have an interest) with a substantial amount of available cash.

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

Code of Ethics

TPG-Axon has adopted a code of ethics (“**Code of Ethics**”) which is designed to foster compliance with the applicable federal securities laws and regulatory requirements and to prevent circumstances that may lead to or the give appearance of conflicts of interest with clients, insider trading or unethical business conduct as well as promote a culture of high ethical standards.

The Code of Ethics contains policies which address the following situations:

Personal Trading Policies. Among other things, the Code of Ethics governs personal securities trading by our employees. Generally, employees are permitted to invest in exchange traded funds (ETFs) (excluding HOLDRs), mutual funds, municipal bonds and highly liquid commodities and currencies, but are not permitted to transact in individual public company equities, corporate bonds, warrants, futures, options, and puts and calls on such individual company securities (collectively, “**Restricted Securities**”). However, the term “Restricted Securities” does not include, and employees may invest in, the following financial instruments:

- Direct obligations of the US government (e.g., treasury securities);
- Bankers' acceptances, bank certificates of deposit, commercial paper, and high-quality short-term debt obligations, including repurchase agreements;
- Shares issued by money market funds;
- Shares of open-end mutual funds that are not advised or sub-advised by the TPG-Axon (or affiliates); and
- Shares issued by unit investment trusts that are invested exclusively in one or more open-end mutual funds, none of which are funds advised or sub-advised by TPG-Axon (or affiliates).

To the extent an employee holds a Restricted Security, whether related to a spouse’s employment, an employee’s previous employment or some other bona fide reason, such employee will be instructed by the compliance team as to further action.

Additionally, the Code of Ethics requires TPG-Axon's employees to report their personal securities holdings and transactions to the compliance team. The Code of Ethics requires each employee's broker-dealer to provide duplicate personal account statements or trade confirmations to TPG-Axon for review. TPG-Axon does not permit employees to participate in initial public offerings but may permit investment in private placements with the prior approval of the compliance team.

Insider Trading Policies. TPG-Axon forbids employees from trading, either personally or on behalf of others (including accounts advised by TPG-Axon), on material non-public information or communicating material non-public information to others in violation of the federal securities laws. This conduct is commonly referred to as trading on "inside information". TPG-Axon has designed and implemented policies and controls to monitor the flow of inside information as well as to prevent trading on the basis of inside information.

Other Policies. The Code of Ethics also has policies addressing:

- Gifts and entertainment;
- Outside activities undertaken by personnel in a personal capacity, including serving as a director of a company; and
- Business standards and personal conduct.

A copy of the Code of Ethics is available to any investor or prospective investor upon request.

Participation or Interest in Client Transactions

TPG-Axon, its affiliates and employees may invest in the Funds and in securities or other assets in which the Funds or other clients invest subject to applicable law and TPG-Axon's Code of Ethics. In some cases, employee interests in the Funds could exceed 25% of the total Fund and may be deemed a "principal account" (as defined in a 2006 SEC No-Action letter, Gardner Russo & Gardner, File No. 810-41357). In the event a Fund is deemed to be a "principal account", trades effected between Funds will be considered principal transactions and must be approved in advance by the compliance team, who will ensure that such trading is conducted properly and in accordance with Section 206(3) of the Investment Advisers Act of 1940.

In certain circumstances, including rebalancing of the Funds' portfolios, TPG-Axon may cross trade securities between the Funds. Such trades will generally be executed by an independent broker-dealer on an agency basis at the current market value provided such transaction is legally permissible and consistent with TPG-Axon's fiduciary obligations.

ITEM 12. BROKERAGE PRACTICES

Brokerage Selection

Portfolio transactions for the Funds will be allocated to brokers on the basis of best execution and in consideration of a broker's ability to effect the transactions, its facilities, reliability and financial responsibility and the provision or payment by the broker of the costs of research and research-related services that are of benefit to the Funds, TPG-Axon or related funds and accounts. TPG-Axon has adopted the following guidelines for evaluating brokerage services when determining whether it has sought best execution for Fund account transactions. These guidelines are designed to enable TPG-Axon

to fairly evaluate the overall quality and costs of a broker-dealer's execution services, including factors other than prices, commissions and other expenses paid in connection with account transactions.

TPG-Axon 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 for Fund accounts include, but are not limited to, the following:

- Quality of execution - accurate and timely execution, clearance and error/dispute resolution
- Reputation, financial strength and stability
- Block trading and block positioning capabilities
- Willingness to execute difficult transactions
- Willingness and ability to commit capital
- Access to underwritten offerings and secondary markets
- Ongoing reliability
- Overall costs of a trade (e.g., net price paid or received) including commissions, mark-ups, mark-downs or spreads in the context of the TPG-Axon's knowledge of negotiated commission rates currently available and other current transaction costs
- Nature of the security and the available market makers
- Desired timing of the transaction and size of trade
- Confidentiality of trading activity
- Market intelligence regarding trading activity
- Quality of brokerage or research services

(a) Brokerage Committee

TPG-Axon has established a Brokerage Committee that is responsible for approving broker-dealer trading volumes, prices, commissions, other transaction costs and the overall quality of execution. The Brokerage Committee includes the following members (or their designees and certain other members as determined by the Brokerage Committee from time to time):

President and Chief Operating Officer
Trader
Director of Credit
Director of Operations
Chief Compliance Officer

A minimum of three members is required for a quorum and the affirmative votes of a majority of those present are required for decisions.

(b) Brokerage Analysis and Review

TPG-Axon designates certain brokers as “approved broker-dealers” based on the factors listed above and maintains a list of such broker-dealers. The Brokerage Committee meets on a quarterly basis to review the list of approved broker-dealers, and to determine whether all of the broker-dealers listed continue to demonstrate the ability and commitment to provide TPG-Axon with best execution, in light of the changing needs and trading history of the Funds. The Brokerage Committee also reviews commissions and other transaction costs and trade volumes by broker-dealer on a quarterly basis to evaluate reasonableness in light of services received and consistency with these guidelines.

TPG-Axon conducts a broker vote on a quarterly basis. The investment professionals assign points to brokers in each region for investment research and service they received during the previous quarter. These points are totaled and brokers receive rankings within a region and overall.

The Brokerage Committee reviews these rankings in addition to the factors described above to help determine which brokers consistently provide quality services to TPG-Axon. In addition, these guidelines are reviewed for applicability and effectiveness on an annual basis.

Soft Dollar Practices

Soft dollar arrangements generally arise when an investment adviser obtains products and services, other than securities execution, from a broker-dealer in return for directing client securities transactions to the broker-dealer. Because soft dollar products and services are purchased with brokerage commissions (or mark-ups or mark-downs in the case of permitted riskless principal transactions by dealers), an investment adviser has a fiduciary obligation to ensure that the commissions (or mark-ups and mark-downs) are used for the benefit of its clients and that its clients are fully informed of Adviser’s use of brokerage commissions (or mark-ups or mark-downs) to obtain soft dollar products. The receipt of soft dollar products from broker-dealers generally must be limited to research and brokerage services, if such practices are to fall within the safe harbor set forth in Section 28(e) of the Exchange Act.

Section 28(e) of the Exchange Act provides investment advisers with a “safe harbor” that allows them to pay more than the lowest possible commissions in return for the receipt of research and brokerage services, subject to certain conditions. The SEC has stated that the utilization of “full service” brokers (*e.g.*, Goldman Sachs, Morgan Stanley, etc.) may constitute “soft dollar” usage as their commissions generally are greater than mere execution brokers or electronic platforms. TPG-Axon uses full service brokers and utilizes commission sharing arrangements (commonly referred to as “CSAs”) with several executing brokers. The Brokerage Committee reviews these arrangements for compliance with the safe harbor of Section 28(e) of the Exchange Act.

TPG-Axon may have certain relationships with, and receive benefits from broker-dealers that may pose a conflict of interest when selecting and using broker-dealers. Examples of such relationships and benefits include, but are not limited to: (i) referral or recommendation of investors; (ii) personal investments by a registered representative of a broker-dealer in Funds we manage; (iii) receipt of proprietary research; and (iv) participation in broker-dealer sponsored research and capital introduction conferences.

Trade Aggregation Practices

As described in Item 10, if it is determined by Adviser that it would be appropriate for a Fund, and one or more other accounts or investment funds managed by it, to participate in an investment opportunity, Adviser will seek to execute orders for all of the participating accounts and investment funds, including the Fund, on a fair and equitable basis. Orders may be aggregated for the Fund and other accounts, and if

any order is not filled at the same price, orders may be allocated on an average price basis. In an “average price” account, purchase and sale orders placed during a trading day on behalf of the Fund and the other accounts are combined, and securities bought and sold pursuant to such orders are allocated among such accounts on an average price basis. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, securities may be allocated among the Fund and the other accounts on a basis which Adviser considers fair and equitable.

ITEM 13. REVIEW OF ACCOUNTS

Review of Client Accounts

Mr. Dinakar Singh and the investment team are responsible for overseeing the portfolio of the Funds. Members of the investment team monitor Fund holdings on an ongoing basis. Additionally, our business team, including the control, operations and compliance teams, review on a regular basis for, among other things, trade allocations, trade breaks, as well as legal and regulatory restrictions. The control team reconciles cash daily, listed positions daily, OTC positions weekly, and all products at month end.

In addition, the Funds’ third party Administrator, in conjunction with our control team, provides monthly reviews and reconciliations of cash, positions and activity to prime brokers to properly validate and account for all transactions. Monthly profit and loss is reconciled by the Administrator and matched by the control team. The monthly net asset value calculations are prepared by the Administrator and reviewed by our control team.

Reports

Investors receive monthly written capital account or shareholdings statements for their investment in each TPG-Axon Fund as well as monthly written updates of activity in their Fund and market commentary by TPG-Axon. Investors also receive, within 120 days of the end of a Fund’s fiscal year, annual audited financial statements of the Fund in which they are invested.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

There are no sales charges payable to the Funds, TPG-Axon or any of its affiliates in connection with the offering of interests or shares in the Funds. However, TPG-Axon, its affiliates or the Funds may enter into arrangements with placement agents to solicit investors for the Funds, and such arrangements may provide for the compensation of such placement agents for their services at TPG-Axon’s expense. Any such solicitation arrangements must be approved in advance by the compliance team.

TPG-Axon has retained a placement agent. Typically, placement agents retained by TPG-Axon are paid a fee based on a portion of TPG-Axon’s management fee. Such fees are borne by TPG-Axon. Investors may separately owe a fee or commission to the placement agent depending on the contractual relationship the investor has with the placement agent.

ITEM 15. CUSTODY

TPG-Axon has custody of client assets as such term is defined under Rule 206(4)-2 under the Advisers Act as a result of fee payments or the service of certain affiliates as general partners to private funds. TPG-Axon has engaged an independent public accountant registered with, and regularly examined by, the Public Company Accounting Oversight Board (“PCAOB”) to conduct annual financial audits of the Funds prepared in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”). As discussed in Item 13, each Fund furnishes annual audited financial statements to investors within 120 days of the end of the Fund’s fiscal year.

ITEM 16. INVESTMENT DISCRETION

TPG-Axon provides investment advisory services to clients on a discretionary basis. Please see Item 4 for a discussion of the types of investment supervisory services provided by Adviser.

Adviser generally receives discretionary authority from a client at the outset of an advisory relationship to select the identity and amount of securities and other financial instruments to be bought or sold. Such authority is provided in Adviser’s advisory contract with each client and/or under the terms of the operating agreement of each client. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. When selecting securities and determining amounts, Adviser seeks to observe the investment policies, limitations and restrictions of the clients for which it advises.

ITEM 17. VOTING CLIENT SECURITIES

TPG-Axon has authority to vote proxies relating to securities held by the Funds. TPG-Axon’s policy is to vote proxy proposals, amendments, consents or resolutions relating to securities held by the Funds in a manner that serves the best interests of the Funds, as determined by TPG-Axon in its discretion, taking into account relevant factors, including, but not limited to: (i) the impact on the value of the securities; (ii) the anticipated costs and benefits associated with the proposal; (iii) the effect on liquidity; and (iv) customary industry and business practices.

To assist in voting proxies, TPG-Axon has retained an unaffiliated, third party proxy voting research service (the “**Service**”) specializing in providing a variety of proxy-related services to institutional investment managers. The services provided to TPG-Axon include in-depth research analysis of shareholder meeting agendas, vote recommendations, reporting and recordkeeping. TPG-Axon has adopted the Service’s proxy voting policy (“**PVP**”) and will generally vote according to its recommendations. If TPG-Axon should decide to vote in a manner contrary to such PVP, the operations personnel responsible for casting such vote will log the exception to the PVP.

For routine matters, TPG-Axon, in conjunction with the Service’s recommendation, will typically vote in accordance with the recommendation of the company’s management, directors, general partners, managing members or trustees, as applicable, unless, in TPG-Axon’s opinion, such recommendation is not in the best interests of the investing Funds. Routine matters are typically proposed by management of a company and meet the following criteria: (i) they do not materially change the structure, management,

control or operation of the company; (ii) they do not materially change the terms of, or fees or expenses associated with, an investment in the company; and (iii) they are consistent with customary industry standards and practices, as well as the laws of the state of incorporation applicable to the company.

For non-routine matters, TPG-Axon's investment professionals and the compliance team will review proxy proposals on a case-by-case basis to determine an appropriate course of action. Non-routine matters involve a variety of issues and may be proposed by a company's management or beneficial owners.

On occasion, the Adviser may abstain from voting (which generally requires submission of a proxy voting card) or affirmatively decide not to vote if the Adviser determines that abstaining or not voting is in the best interests of the Funds. In making such a determination, the Adviser will consider factors including, but not limited to: (i) the costs associated with exercising the proxy (including, but not limited to, translation, travel, registration, legal and/or power of attorney expenses); (ii) any legal restrictions on trading resulting from the exercise of a proxy; and (iii) the benefit to the Fund's portfolio from the specific proposal. Furthermore, the Adviser will not abstain from voting or affirmatively decide not to vote merely to avoid a conflict of interest.

When applicable, the Adviser will generally refrain from (i) moving securities out of margin accounts or (ii) depositing securities into designated depositories prior to the date of the meeting ("share blocking"), for the express purpose of ensuring the ability to vote, unless the Adviser determines that it would be in the best interests of the Funds to do so. During a share blocking period, shares that will be voted at the meeting cannot be sold until the meeting has taken place and the shares are returned to the Funds' custodians. Not actively segregating securities could potentially result in a loss of the ability to vote shares, if they are re-hypothecate or otherwise unregistered to vote as of record date.

At times, conflicts may arise between the interests of the Funds, on the one hand, and the interests of TPG-Axon or its affiliates, on the other hand, with respect to the voting of proxies. If TPG-Axon determines that it has, or may be perceived to have, a conflict of interest when voting a proxy, TPG-Axon will vote proxies in the best interest of the Funds. TPG-Axon will generally resolve such conflict by relying on the Service's vote recommendation.

TPG-Axon's investment professionals will be responsible for determining whether each proxy is for a routine or non-routine matter, as described above. Upon making a decision how to vote a proxy, a designated individual in TPG-Axon's Operations Department will execute the proxy in accordance with the decision and submit it to the company. A designated individual in TPG-Axon's Operations Department will maintain records relating to each proxy. The compliance team is responsible for monitoring the effectiveness of these proxy-voting policies.

Investors may obtain a copy of TPG-Axon's proxy voting policies and procedures and information about how TPG-Axon voted any proxies on behalf of client accounts upon written request to TPG-Axon.

ITEM 18. FINANCIAL INFORMATION

Adviser has no financial commitments that impair its ability to meet contractual commitments to clients and has not has been subject to bankruptcy proceedings during the past ten years.