

Item 1 – Cover Page

HITE Hedge Asset Management LLC
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This brochure provides information about the qualifications and business practices of **HITE Hedge Asset Management LLC** ["HITE" or "Adviser"]. If you have any questions regarding the contents of this Brochure, please contact us at (617) 431-4360 and/or via electronic mail at jconant@hitehedge.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. HITE is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information with which you may determine to hire or retain advisory services. Additional information about HITE is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On July 28, 2010, the United States Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document (“Brochure”) provided to clients as required by SEC rules. This Brochure, dated February 6, 2012, is a document prepared according to the SEC’s new requirements and rules. Therefore, this document is materially different from, and requires certain new information, that the previous Form ADV did not require.

In the future, this item will discuss only specific material changes that are made to the brochure and will provide a summary of such changes. Pursuant to new SEC rules, we will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our fiscal year. We may also provide other ongoing disclosure information about material changes as necessary and provide you with a new brochure as necessary based on changes or new information, at any time, without charge.

Our brochure may be requested by contacting James Conant, Chief Financial and Operations Officer and Chief Compliance Officer, (617) 431-4360 and/or via electronic mail at jconant@hitehedge.com. Additional information about HITE is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with the Adviser who are registered, or are required to be registered, as investment adviser representatives of the Adviser, if applicable.

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Item 4 – Advisory Business

HITE, a Delaware limited liability company which has been in business since 2003 and first began managing assets in 2004, offers the services described below to private funds (“Private Funds” or “Funds” and, individually, a “Fund”). The firm is owned by James Jampel. As of December 31, 2011, HITE managed discretionary client assets valued at \$391,868,999. HITE does not manage assets on a non-discretionary basis. HITE Hedge Asset Management LLC provides investment advisory services to HITE Hedge LP, HITE Hedge Offshore Ltd, HITE MLP LP, HITE MLP Caymans, Ltd, and HITE Beta Hedge LLC.

HITE provides investment supervisory services, defined as giving continuous advice to a client or making investments for a client based on the individual needs of the client. These services may include: (i) development of investment policy; (ii) asset allocation; (iii); portfolio implementation and management and (iv) performance evaluation. Advisory services are tailored to the individual needs of the client taking into consideration the client’s risk tolerance, time horizon, tax status, liquidity needs, return objectives and preferences for investment vehicles. HITE does not tailor its advisory services or investment objectives or strategies to the requests or needs of individual Private Fund investors. Clients (the Private Funds) may impose restrictions on HITE with respect to investing in certain securities or types of securities, but investors in these Funds are not permitted to restrict a Fund’s investments. For more detailed information regarding each Fund’s restrictions refer to the Fund’s offering memorandum.

Item 5 – Fees and Compensation

This Item 5 contains a summary of the fees received by HITE for management of the Funds as well as a summary of expenses payable by the Funds. The Adviser or its affiliates, as applicable, may waive, modify or reduce the Management Fee or performance fee (Incentive Allocation) for shareholders that are principals, employees or affiliates of the Adviser, relatives of such persons and for certain large or strategic investors at its sole discretion. For more detailed information and a complete description regarding each Fund’s fees and expenses refer to the Fund’s offering memorandum. The principals and other qualified employees of HITE may from time to time invest their personal funds in Private Funds managed by HITE.

Management Fees

As compensation for its services rendered to a Fund, a Fund will pay the Adviser, with respect to each investor, each quarter, a management fee which is a percentage of the investor’s capital account balance at the end of the each quarter. The general partner may, however, in its discretion, waive the payment of all or part of the Management Fee payable with respect to any investor for any quarter the General Partner determines is appropriate. The following summarizes the Management Fee for each Fund:

HITE Hedge LP —1.5% annually, payable quarterly.
HITE Hedge Offshore, Ltd. —2.0% annually, payable quarterly.
HITE MLP LP – 1.25% annually, payable quarterly.
HITE MLP Caymans Ltd. – 1.25% annually, payable quarterly.

Performance Fees

As of the end of each fiscal year, a percent of the excess of (i) the net capital appreciation otherwise allocable for such year to each investor’s capital account over (ii) any balance remaining in such investor’s loss recovery account as of the beginning of such fiscal year will be allocated to the general partner’s capital account as an “Incentive Allocation”, which is a performance fee. If all or part of an investor’s interest is redeemed at any time other than the last business day of a fiscal year, the date of such redemption will be treated as the last business day of a fiscal year and any applicable Incentive

Allocation will be made to the general partner's capital account (and from the investor's capital account) in the proportion that the redeemed interest bears to such investor's total Interest immediately before the redemption. To calculate the Incentive Allocation, a "loss recovery account" will be established for each investor, the opening balance of which will be zero. As of the end of each fiscal year, the balance in each investor's loss recovery account will be increased by any net capital depreciation, or reduced by any net capital appreciation allocated to such investor's capital account for such year. The balance in a loss recovery account will never be reduced below zero. The below summarizes the Incentive Allocation for each Fund:

HITE Hedge LP and HITE Hedge Offshore Ltd. -- 20% of profits, payable annually.

HITE MLP LP and HITE MLP Caymans Ltd. -- 15% of profits, payable annually

Expenses

The Funds bear their own start-up, offering and organizational expenses, such as the cost of preparing the funds' partnership agreements, and other legal, accounting, and administrative expenses related thereto. On an ongoing basis, the Funds bear their ongoing transaction (e.g., brokerage commissions and custody expenses), administrative, legal, tax preparation, and accounting expenses, and any expenses for services that the partners require the general partner and/or the Adviser to obtain. The Funds also pay the fees and expenses of any broker they engage.

Side Letters

The Partnership may enter into agreements (sometimes referred to as "side letters") with certain prospective or existing Limited Partners whereby such Limited Partners may be subject to terms and conditions that are more advantageous than those set forth in this Memorandum. For example, such terms and conditions may provide for special rights to make future investments in the Partnership, other investment vehicles or managed accounts; special withdrawal rights relating to frequency, notice, a reduction or rebate in fees or withdrawal penalties to be paid by the Limited Partner and/or other terms; rights to receive reports from the Partnership on a more frequent basis or that include information not provided to other Limited Partners (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may be negotiated by the Partnership and such Limited Partners. The modifications are solely at the discretion of the Partnership and may, among other things, be based on the size of the Limited Partner's investment in the Partnership, with an affiliated investment entity or a managed account, an agreement by a Limited Partner to maintain such investment in the Partnership for a significant period of time, or other similar commitment by a Limited Partner to the Partnership

Item 6 – Performance-Based Fees and Side-By-Side Management

HITE has entered into performance fee arrangements with the Funds it manages. Performance-based fee arrangements may create an incentive for the Adviser to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying client accounts over other client accounts in the allocation of investment opportunities. HITE has procedures designed to ensure that all clients are treated fairly and equally, subject to their investment objectives and restrictions, and to prevent these conflict from influencing HITE's allocation of investment opportunities among clients.

Item 7 – Types of Clients

HITE offers its services to private investment funds. The minimum initial investment in the Funds is \$250,000, subject to waiver in the sole discretion of the Fund or Adviser.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear.

HITE focuses exclusively on relative-value trading of master limited partnership and related securities (“MLPs”). In our hedged portfolios, where we are both long and short MLPs, we focus on minimizing the risks related to being long MLPs, and attempt to generate returns uncorrelated with any asset class. We also have a long-only unlevered trading strategy in MLPs for investors seeking unhedged exposure to MLPs, using the same value-oriented analysis to identify trading and investing opportunities. MLPs are United States publicly-traded partnerships that receive special tax treatment from legislation passed by Congress in 1986 and 1987. Two implications of these laws are that, for tax reasons, most institutional investors avoid MLPs, and for regulatory reasons, mutual funds and ETFs cannot have more than 25 percent of their portfolio invested in MLPs without suffering deleterious tax consequences. Without typical institutional interest and ownership, the primary market for MLPs is relatively unsophisticated United States investors attracted more by MLP “yields” than by an understanding of MLP fundamentals. This creates frequent mispricings in the sector. These specific circumstances unique to MLPs, set in motion by the tax legislation and now realized as upwards of 80 companies with over \$200 billion in market flotation have elected MLP status, create a good environment for relative-value trading.

Risks

It is possible that some of the investment vehicles and direct investments selected by HITE will not meet all of the above criteria, and that some or all of the investments selected by HITE will not perform as anticipated. Depending on conditions and trends in the financial and securities markets and the economy in general, HITE may pursue any objectives, employ any investment techniques or purchase any type of security that it considers appropriate and in the best interests of the Funds that may not be described above. The summary above is based upon numerous assumptions and opinions of HITE concerning world financial markets and other matters, the accuracy of which cannot be assured. There can be no assurance that the Fund’s investment strategy will achieve profitable results, and results may vary substantially over time. Past performance of a Fund or that of HITE or its affiliates is not indicative of future results of a Fund. Investors risk the loss of their entire investment.

The risks below are summaries of the material risks of HITE’s primary investment strategies. For more detailed information regarding each Fund’s risks refer to the Fund’s offering memorandum.

Lack of Diversification; Investments Concentrated in MLPs. The Funds’ portfolio will not be diversified among a wide range of types of securities, and will therefore be subject to sector risk related to MLPs. MLPs are concentrated in the oil, gas, propane and coal industries. As such, their financial performance is subject to demand for these commodities, and to a lesser degree, their price. Among other things, economic activity, weather, conservation and technological advances will play critical roles in the overall demand for these commodities. Many MLPs own pipelines that are regulated by the Federal Energy Regulatory Commission or the California Public Utilities Commission. These bodies have the ability to change tariff rates charged by the MLPs. MLPs operating in the oil, gas or propane industries could be subject to a terrorist attack, or forces of nature (e.g. earthquakes and hurricanes) beyond their control. Should there be a spill or leakage not covered by insurance, MLPs could be liable for damages and remediation. Many MLPs employ significant leverage, and by nature of their partnership agreements, cannot build up significant cash-balance reserves. Therefore, their ability to weather significant downturns is dependent upon their ability to access the capital markets, an access that cannot be ensured. MLP distributions to unit holders such as the Funds are not guaranteed, and are subject to risk of reduction or curtailment.

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, trade barriers, currency exchange controls and national and international political circumstances.

Risk of Losing Entire Investment. Investors in the Fund must be prepared to lose all or substantially all of their investment.

Speculative, Highly-Leveraged Trading. A Fund's trading will often be highly leveraged, and may be effected in markets in which price levels may be volatile and materially affected by unpredictable factors such as governmental intervention. The combination of leverage and volatility creates a high degree of risk.

No Material Limitation on Strategies or Markets. The Funds have been formed specifically so as to provide the Adviser with an investment vehicle through which it can opportunistically implement whatever strategies or discretionary approaches it believes may be best suited to prevailing market conditions. There can be no assurance that the Adviser will be successful in applying any strategy or discretionary approach with respect to trading in the Funds' portfolios.

Competitive Market for Investments. The business of identifying and executing certain transactions of the nature contemplated by the Funds is competitive (and may become more competitive in the future), and involves a high degree of uncertainty. There can be no assurance that the Funds will be able to locate and complete attractive investments that satisfy their investment selection criteria or that, if located and completed, any such investments will produce superior risk-adjusted rates of return or otherwise achieve the Funds' objectives.

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

Short Sales. The Fund's investment portfolio may include short positions. Short sales involve 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 sales allow the investor to profit from decline in the price of a particular security. 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. HITE, on behalf of the Funds, may utilize a variety of aggressive techniques including, but not limited to, purchase of securities on margin, use of options, short-term trading, derivatives, options, swaps, caps and floors, and forward contracts, both for investment purposes and for risk management purposes. While the Funds may enter into such transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Funds than if they had not engaged in any such hedging or leveraging transaction. Moreover, the Funds' portfolio will always be exposed to

certain risks that cannot be hedged, such as credit risk (relating both to particular securities and counterparties). The Adviser is not obligated to establish hedges for portfolio positions and may not do so.

Use of Leverage. HITE may leverage the Funds' investment positions by borrowing funds from securities broker-dealers, banks or others. From time to time, the Funds may borrow significant amounts to take advantage of perceived opportunities, such as short-term price disparities between markets or related securities. Such leverage increases both the possibilities for profit and the risk of loss. Borrowings will typically be secured by the Funds' securities and other assets. Under certain circumstances, such a lender may demand an increase in the collateral that secures the Fund's obligations, and if the Fund were unable to provide additional collateral, the lender could liquidate assets held in the account to satisfy the Funds' obligations. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of the Fund's borrowings and the interest rates on those borrowings, which will fluctuate, may have a significant effect on the Fund's profitability.

Futures Contracts. The value of futures depends upon the price of the financial instruments, such as commodities, underlying them. The prices of futures are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, investments in futures are also subject to the risk of the failure of any of the exchanges on which the Funds' positions trade or of its clearing houses or counterparties.

Derivatives. The Funds have essentially unlimited discretion to use derivative instruments, including (among others) convertible bonds, convertible preferred stock, options, futures, forward contracts, repurchase agreements, reverse repurchase agreements and many different types of swaps involving payments based on a wide range of risks. The Funds use derivatives extensively. In many cases derivatives provide the economic equivalent of leverage by magnifying the potential gain or loss from an investment in much the same way that incurring indebtedness would. Many derivatives provide exposure to potential gain or loss from a change in the market price of a financial instrument (or a basket or index) or other event or circumstance in a notional amount that greatly exceeds the amount of cash or assets required to establish or maintain the derivative contract. Accordingly, relatively small price movements in the underlying financial instruments or other events or circumstances may result in immediate and substantial losses to the Funds. In some cases, the Funds' exposure under a derivative contract is limited to the amount invested (for example, when a Fund buys a call option). In other cases, the derivative contract creates an open-ended obligation (for example, when the Fund writes a call option). Many derivatives, particularly those negotiated over-the-counter, are substantially illiquid or could become illiquid under certain market conditions. As a result, it may be difficult or impossible to determine the fair market value of a Fund's interest in such contracts. Many derivative contracts involve exposure to the credit risk of the counterparty, since the Funds acquire no direct interest in the underlying financial instrument, but instead depend on the counterparty's ability to perform under the contract.

Options. Purchasing put and call options are highly specialized activities and expose the Funds to significantly greater risk than ordinary investment risks. Investing in options can provide greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination of those factors. In the case of the purchase of an option, the risk of loss of an investor's entire investment (*i.e.*, the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (*i.e.*, sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value. Over-the-counter options that the Funds may use in its investment strategies generally are not assignable except by agreement between the parties concerned, and no party or purchaser has any obligation to permit such

assignments. The over-the-counter market for options is relatively illiquid, particularly for relatively small transactions.

Highly Volatile Markets. Price movements of forwards, futures, derivative contracts and other financial instruments in which the Funds' assets may be invested can be highly volatile and 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 in certain markets, directly and by regulation, particularly in currencies, futures and options. Such intervention is often intended to directly influence prices and may, together with other factors, cause some or all of these markets to move rapidly in the same direction. The effect of such intervention is often heightened by a group of governments acting in concert.

Foreign Investments. The Funds may invest in securities of non-U.S. companies located in countries other than the United States. Investing in the equity securities of non-United States companies involves certain considerations not usually associated with investing in securities of United States companies, including political and economic considerations, such as greater risks of expropriation and nationalization, the potential difficulty of repatriating funds and general social, political and economic instability; the 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; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict the Funds' investment opportunities. In addition, accounting and financial reporting standards that prevail in foreign countries generally are not equivalent to United States standards and, consequently, less information may be available to investors in companies located in foreign countries than is available to investors in companies located in the United States. There is also less regulation, generally, of the securities markets in foreign countries than there is in the United States.

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 a client's or potential client's evaluation of the Adviser or the integrity of its management. HITE has no applicable disciplinary information.

Item 10 – Other Financial Industry Activities and Affiliations

HITE does not currently have any financial industry affiliations or activities other than those involved in the management of the Private Funds, such as the general partner of certain of the Private Funds.

Item 11 – Code of Ethics

HITE has adopted a code of ethics pursuant to Rule 204A-1 under the Investment Advisers Act of 1940 ("Advisers Act"). All clients and investors in the Private Funds managed by HITE can request a copy of our code of ethics by contacting James Conant, Chief Financial and Operations Officer and Chief Compliance Officer, (617) 431-4360 and/or via electronic mail at jconant@hitehedge.com. In addition, a pre-qualified, approved, potential investor may also request a copy of our code of ethics. HITE's code of ethics, which includes policies regarding trading by firm personnel, is designed to detect and prevent potential conflicts of interest between HITE and its clients. The code of ethics, among other things, provides for the following:

- Duplicate copies of all relevant account statements are delivered to the Chief Compliance Officer for review; and,
- Trading is not permitted in MLPs or related entities.

Insider Trading Policy

As part of its code of ethics, HITE has adopted an "Insider Trading" policy in accordance with Section 204A of the Advisers Act, which prohibits the misuse of material nonpublic information by HITE and all of its employees. In addition, the code of ethics contains restrictions on using inside information to engage in any personal transactions or to disclose any material nonpublic information. Any HITE officer, employee or other access person who fails to observe the above-described policies risks serious sanctions, including dismissal and personal liability.

Item 12 – Brokerage Practices

Selection of Broker-Dealers

In selecting brokers to effect portfolio transactions in public securities for client portfolios, the Adviser will consider such factors as the ability of the brokers to effect the transactions, the brokers' facilities, reliability and financial responsibility and the provision or payment of the costs of research products or services or other services. The Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. Accordingly, if the Adviser determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and research products or services or other services provided by such broker, clients may pay commissions to such broker in an amount greater than the amount another broker might charge. Subject to seeking best execution, the Adviser may also consider referrals of potential limited partners in the Funds as a factor in the selection of brokers.

Section 28(e) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") is a "safe harbor" that permits an investment manager to use commissions or "soft dollars" to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an investment manager and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self regulatory organization such as comparison services, electronic confirmations or trade affirmations.

In some instances, the investment manager may receive a product or service that may be used only partially for functions within Section 28(e) (e.g. an order management system, trade analytical software or proxy services). In such instances, the Adviser will make a good faith effort to determine the relative proportion of the product or service used to assist the Adviser in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). The proportion of the product or service attributable to assisting the Adviser in carrying out its investment decision-making responsibilities will be paid through commissions generated by client transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by the Adviser from its own resources.

Although the Adviser will make a good faith determination that the amount of Commissions paid is reasonable in light of the products or services provided by a broker, Commission rates are generally negotiable and thus, selecting brokers on the basis of considerations that are not limited to the applicable Commission rates may result in higher transaction costs than would otherwise be obtainable. The receipt of such products or services and the determination of the appropriate allocation in the case of "mixed use"

products or services create a potential conflict of interest between HITE and its clients. In addition, when HITE receives “soft dollars” and uses Commissions to pay for research, HITE receives a benefit because the Adviser did not have to produce or pay for the research, product or service directly. A potential conflict exists as since HITE uses limited brokers to pay third-party “soft dollar” expenses. As such, HITE may have incentive to select brokers based on the fact they pay for research or other products or services as oppose to providing more favorable execution quality than another broker.

The Funds’ public securities transactions can be expected to generate a substantial amount of brokerage commissions and other compensation, all of which the Funds will be obligated to pay. The Adviser will have complete discretion in deciding which brokers and dealers the Funds will use and in negotiating the rates of compensation the Funds will pay. In addition to using brokers as “agents” and paying commissions, the Funds may buy or sell securities directly from or to dealers acting as principals at prices that include markups or markdowns, and may buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers.

Brokers sometimes suggest a level of business they would like to receive in return for the various services they provide. Actual brokerage business received by any broker may be less than the suggested allocations, but can (and often does) exceed the suggestions, because total brokerage is allocated on the basis of all the considerations described above. A broker may receive business even if it has not been identified as providing research services.

Should HITE provide investment advisory services to other clients, including private funds, in the future, research or other services received by one or more of those clients, in any particular instance, may or may not benefit the private fund whose transactions, and the commissions resulting from those transactions, generated the “soft dollars.” Nonetheless, the Adviser believes that such investment information provides the Funds with benefits by supplementing the research otherwise available to the Funds. As indicated above, certain of the services provided or paid for with “soft dollars” may benefit the Adviser and its affiliates and not the Funds or other clients.

HITE will, when appropriate although not required to do so, aggregate client orders to achieve more efficient execution or to provide for equitable treatment among clients. Clients participating in aggregated trades will be allocated securities based on the average price achieved for such trades.

Item 13 – Review of Accounts

Review and Reviewers of Accounts

On a daily basis, the portfolio manager reviews positions for any change in investment thesis and monitor news, earnings, announcements and other indicators. The portfolio managers are solely responsible for holdings and position sizing. The portfolio managers have ultimate responsibility for investment decisions with respect to the Funds’ portfolios.

The Adviser performs a daily reconciliation of trades and profit and loss statements with broker(s). The Funds’ administrator provides independent pricing, net asset value, and client records. Trade breaks are generally reported no later than trade date plus one by the broker(s) and resolved by the controller. Daily cash and position reconciliations between the brokers/custodians and the Funds are performed by the Chief Financial Officer and the Funds’ administrator.

Nature and Frequency of Reports

Daily rates of return are disseminated to each investor which are determined and sent by the Funds’ administrator. Within ten business days after month-end, each investor is sent a statement with the net asset value of the investor’s account and rate of return for the month and year to date. On an annual basis, the investor is sent a statement and the audit report.

Item 14 – Client Referrals and Other Compensation

The Adviser compensates third-party marketing firms in compliance with Rule **206(4)-3 under the Advisers Act**. Such compensation would be paid pursuant to a written agreement and generally represents a percentage of the fees earned by the Adviser from the accounts solicited. ***The individuals with the marketing firm are registered representatives of a broker-dealer.***

Item 15 – Custody

The general partner to certain of the Private Funds managed by HITE has custody of those Funds' funds and securities through ability to access and control these assets and withdraw them from custodial accounts. The Funds' broker(s) have custody, and the Fund's administrator provides reports to investors. Pursuant to Rule 206(4)-2 of Advisers Act, HITE satisfies its custody obligations by ensuring that all Funds are audited as required by the rule and that investors in the Funds receive the financial statements resulting from such audits as required.

Item 16 – Investment Discretion

At the start of a client relationship, the client grants HITE the discretionary authority to manage a clients' account by executing an advisory agreement.

Item 17 – Voting Client Securities

The Advisers Act requires investment advisers to, at all times, act solely in the best interest of its clients. Rule 206(4)-6 of the Advisers Act requires any adviser who votes proxies on behalf of clients to have written policies and procedures. HITE has adopted Proxy Voting Policies and Procedures ("Procedures"), which it believes are reasonably designed to insure that proxies are voted in the best interest of the Private Funds it manages and in accordance with its fiduciary duties and Rule 206(4)-6 under the Advisers Act, in the event HITE determines to vote proxies on behalf of a client account.

The Chief Compliance Officer is responsible for implementing, updating and monitoring the Adviser's Procedures, for insuring appropriate disclosure is given to clients, and assisting in the resolution of conflicts of interests. The Chief Compliance Officer is also responsible for maintaining, as part of the Adviser's books and records, copies of the Procedures, proxy records and backup documentation relating to voting decisions and conflict resolution in accordance with applicable record keeping requirements. The Chief Compliance Officer can delegate in writing any of his or her responsibilities under this policy to another person.

Clients or investors may obtain information from us regarding how HITE voted client proxies and may also request a copy of our Proxy Voting Policies and Procedures by James Conant, Chief Financial and Operations Officer and Chief Compliance Officer, (617) 431-4360 and/or via electronic mail at jconant@hitehedge.com.

Item 18 – Financial Information

A registered investment adviser is required to provide clients with certain financial information or disclosures about its financial condition. HITE has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.