

SIRIUS PARTNERS, L.P.
Part 2A of Form ADV
Firm Brochure

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This brochure provides information about the qualifications and business practices of Sirius Partners, L.P., an investment adviser registered with the United States Securities and Exchange Commission. If you have any questions about the contents of this brochure, please contact us at (312) 443-5240 or info@siriuslp.com. The information in this brochure has not been approved or verified by the SEC or by any state securities authority. Registration with the SEC does not imply a certain level of skill or training.

Additional information about Sirius Partners, L.P. is also available on the SEC's website at www.adviserinfo.sec.gov.

MATERIAL CHANGES

Sirius Partners, L.P.'s most recent update to Part 2 of Form ADV was made February 14, 2012. Sirius Partners, L.P.'s activities have not changed materially since the date of that update.

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ADVISORY BUSINESS

Sirius Partners, L.P., which we will refer to as “Sirius,” is an Illinois limited partnership formed in January 1994 by Peter B. Foreman that generates and provides investment advice and other services to its clients. Sirius commenced operations in January 1994. Sirius is owned by Sirius Corporation, an Illinois limited liability “S” corporation, which serves as General Partner, and two trusts of which Mr. Foreman and Michael Sacks are co-trustees. Sirius Corporation is entirely owned by a trust established for the benefit of Mr. Foreman’s family of which Virginia Foreman and Michael Sacks are trustees.

Sirius currently serves as the general partner of an Illinois limited partnership formed in January 1997 and of another Illinois limited partnership formed in June 1978, which is closed to new investors and invests substantially all of its capital in the first limited partnership. We refer to these limited partnerships collectively as the “Fund.” Mr. Foreman and Bradford Beatty are primarily responsible for managing Sirius’ investment program on behalf of the Fund.

Sirius’ investment program entails investing the Fund’s capital directly in a broad range of securities and with unaffiliated underlying managers, which we refer to as “Portfolio Managers,” both through managed accounts and through investing in private funds, which we refer to as “Portfolio Funds.”

Sirius formulates investment objectives, directs and manages the investment and reinvestment of the Fund’s assets, and provides reports to investors in the Fund. Investment advice is provided directly to the Fund according to the Fund’s particular investment objectives and not individually to any Fund investor. Fund investors may not impose restrictions on the Fund’s investment activities. As of January 31, 2013, Sirius managed approximately \$198,800,000 of client assets, all of which is managed on a discretionary basis.

FEES AND COMPENSATION

Management Fees and Performance Allocation

Sirius receives compensation from the Fund comprised of fees based on a percentage of assets under management or performance-based amounts, depending on fund performance. The performance-based compensation is in the form of a profit allocation from the Fund to Sirius. The contingent management fee is paid annually in arrears by deducting the fee from the Fund investors’ capital accounts and is pro rated for intra-year capital contributions and withdrawals. The performance allocation is based on realized and unrealized gains and is paid annually or upon a Fund investor’s withdrawal of capital, subject to a high water mark. Sirius’ fee schedule is omitted because this brochure is only being delivered to qualified purchasers, as defined in the Investment Company Act of 1940 and the rules thereunder.

Other Types of Fees or Expenses

The Fund bears all of its own direct investment and operating expenses and transactional costs incurred by the Portfolio Managers related to investment in Portfolio Funds or the costs of a managed account including, without limitation:

- investment advisory, administrative, subscription and redemption fees and all other costs associated with placing assets under the management of Portfolio Managers;

- brokerage commissions, dealer mark-ups and all other costs of executing transactions, as further discussed below;
- interest expense,
- insurance expense;
- administrative, bookkeeping, legal, auditing, office, rent, reporting and accounting expenses;
- fees in connection with the custody of assets; and
- extraordinary expenses, including an allocable share of Sirius' expenses which may include salaries and bonuses for trading and administrative professionals, office supplies, accounting, legal and general administrative expenses, utilities, software, computer equipment, quotation service and data feeds, rent, travel, entertainment and general expenses.

To the extent that the ordinary administrative and operating expenses of the Fund, other than certain legal, accounting, auditing, regulatory and other expenses described in the Fund's limited partnership agreement, exceed 0.50% of the Fund's average month-end net assets during any fiscal year, Sirius will pay the expenses in excess of the 0.50% cap.

For a discussion of the brokerage arrangements that Sirius enters into on behalf of the Funds, see "Brokerage Practices."

Negotiation of Fees; Waivers

Compensation payable to Sirius is generally not negotiable, but under certain circumstances (such as the size of an investment in the Fund, the overall amounts allocated to Sirius for management by the Fund investor or the extent to which the Fund investor offers strategic opportunities or benefits to Sirius), Sirius may, in its discretion, waive all or a portion of its management fees or performance-based compensation for a particular investor.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As noted above under "Fees and Compensation," Sirius may receive from the Fund performance-based compensation in the form of an allocation equal to a percentage of the appreciation in the net asset value of each Fund investor's investment in the Fund, depending on fund performance

The receipt of performance-based compensation creates a conflict of interest between Sirius' interest in earning a profit for itself in the short term with the long term interests of the Fund and Fund investors. Specifically, Sirius may have an incentive to make investments or select Portfolio Managers that are riskier or more speculative than would be the case if Sirius were compensated solely based on a flat percentage of capital. Sirius may receive increased compensation because the performance-based compensation is calculated on a basis which includes unrealized appreciation as well as realized gains, and any securities for which market quotations are not readily available will be valued by Sirius at the value reasonably determined

by the Fund. These valuations can affect the amount of performance-based compensation received by Sirius.

TYPES OF CLIENTS

Sirius provides investment supervisory services to private investment funds. Investment advice is provided directly to a private fund client, subject to Sirius' direction and control, and not individually to a client's investors. Sirius' Fund investor base is comprised of institutions, such as endowments, pension plans, foundations, and high net worth individuals/family offices, including Mr. Foreman and his family members. While the Fund offering documents generally limit initial investments to at least \$1,000,000, Sirius may waive the minimum in its discretion. Factors that may be considered in waiving such minimum are the size of an investment in the Fund, the overall amounts allocated to Sirius for management by the Fund investor or the extent to which the Fund investor offers strategic opportunities or benefits to Sirius.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General

Sirius makes direct investments on behalf of the Fund and invests in Portfolio Funds and with Portfolio Managers. Sirius utilizes a multi-manager, multi-strategy, diversified investment approach with the objective of producing consistent capital appreciation. The investment strategy includes (i) analysis of prevailing market conditions, (ii) identification, evaluation and selection of investment vehicles and Portfolio Managers, (iii) ongoing evaluation of investment strategies and Portfolio Managers, their methods and their performance, and (iv) allocation and reallocation of assets among investment opportunities and Portfolio Managers. Sirius invests globally without material limitation on the strategies it implements, the number of Portfolio Managers it selects and the investments which it makes. The composition of the Fund's portfolio is entirely at the discretion of the Sirius; the Fund has no specific investment policies or restrictions.

Sirius identifies, evaluates and selects investment strategies based on many factors and advises the Fund with respect to investments in various strategies and instruments.

Direct Trading

Sirius makes direct investments on behalf of the Fund based on an evaluation of the relevant instrument and market conditions. Sirius may cause the Fund to invest directly in securities, futures, options or other instruments. As of the date of this Brochure, direct investments are typically made on an opportunistic basis and employ a "directional equity" strategy, whereby Sirius takes outright long positions in stocks it perceives to be undervalued. However, there are no limitations on the types of instruments or in the strategies Sirius may employ on behalf of the Fund. Direct investments may also be made using leverage.

Sirius may also advise the Fund to invest in new issues of securities, provided that the Fund complies with all the rules and regulations pertaining to these investments, including the conduct rules of the Financial Industry Regulatory Authority, Inc.

The Fund may employ, or may select Portfolio Managers who employ, a wide variety of strategies, including but not limited to:

- long/short equity: this strategy involves taking simultaneous long and short positions in certain equity securities in an attempt to profit from directional movements in the securities;
- long-biased equity, with focus on global, Asian or U.S. markets: this strategy involves taking an outright position in equity securities of issues in global, Asian or U.S. markets;
- distressed debt: this strategy involves investing debt securities and other indebtedness of financially distressed and/or highly leveraged companies;
- long mortgage-backed securities: this strategy involves investing in securities that represent an interest in a pool of mortgages;
- merger arbitrage: this strategy involves capturing the price spread between current market prices and the value of financial instruments upon successful completion of a merger, acquisition or contract for control;
- multi-strategy: this strategy involves a combination of other strategies employed in Sirius', or the Portfolio Managers', discretion; and
- managed futures: this strategy involves investing in futures, forwards and derivatives markets.

Trading through Portfolio Funds and Portfolio Managers

In addition to its direct trading activities, Sirius invests in Portfolio Funds and with Portfolio Managers. Sirius believes that a successful investment strategy involves identifying excellent investment opportunities as well as appropriate investment vehicles. Sirius utilizes contacts within the industry and the information flow that comes from reviewing numerous prospective Portfolio Managers to assist in determining the attractiveness of investment opportunities and their appropriate weighting in the Fund's portfolio. Available investment vehicles are then reviewed to determine which, if any, provides the most attractive investment risk and return profile for the desired exposure. This review includes analyzing available alternatives including, but not limited to, investment partnerships, mutual funds, closed-end funds, exchange traded funds, structured securities, derivatives or over-the-counter instruments. In determining the optimal investment vehicle, Sirius considers fees that might be expected to be paid over the life of the investment as well as probable return profiles. While historically Sirius has predominantly favored investments in private partnerships, other types of investment vehicles may become more attractive in the future and may be used by Sirius.

Sirius performs in-depth analyses and considers a variety of factors in evaluating and selecting Portfolio Managers, including but not limited to:

- Past performance during favorable and unfavorable market conditions

- Diversification characteristics in relation to other Portfolio Managers
- Amount of assets under management
- Overall integrity and reputation of the Portfolio Fund and its personnel
- Fees charged

Portfolio Managers may use leverage in their investment activities through purchased securities with borrowed funds, selling securities short, trading futures, using repurchase agreements and swaps and other means. In effecting transactions for the Fund, Sirius may, at times, also utilize leverage.

Risk Management

Sirius may, in its discretion, execute risk management strategies as an overlay to the Fund's investment portfolio in order to: (i) reduce overall exposure to certain markets accumulated across Portfolio Managers; (ii) maintain attractive risk/return profiles in investments such as mutual funds, where no underlying hedging may be occurring; and (iii) reduce exposure to certain illiquid investments held by the Fund. Sirius may hedge by making investments which it believes may closely correlate with the Fund's underlying holdings. There can be no assurance that the expected correlation will, in fact, occur or that the selected hedging vehicle will, in fact, reduce the Fund's risk exposure.

Material Risks

The following is a summary of some of the material risks associated with the investment strategy employed by Sirius on behalf of the Fund. This summary does not attempt to describe all of the risks associated with the investment strategies pursued by the Fund. The Fund's offering memorandum contains a more complete description of the risks associated with an investment in the Fund.

Investing in securities involves risk of loss that the Fund investors should be prepared to bear.

To the extent the Fund invests in Portfolio Managers and Portfolio Funds rather than directly, the following risks are applicable to the Fund's investments in such Portfolio Managers and Portfolio Funds as well as to the Fund's direct trading investments.

Equity Securities

The Fund may invest in equity securities and equity derivatives. The value of these Financial Instruments 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 instruments of issuers whose performance diverges from Sirius' expectations or if equity markets generally move in a single direction and the Fund has not hedged against such a general move. The Fund also may be exposed to risks that issuers will not fulfill contractual obligations, such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

Fixed Income Securities

The Fund may invest in bonds or other fixed income securities, including, without limitation, “higher yielding” (including non-investment grade) debt securities. Higher-yielding debt securities are generally more volatile than, and may be subordinated to, certain other outstanding securities and obligations of the issuer which may be secured by substantially all of the issuer’s assets. The lower rating of debt obligations in the higher-yielding sector reflects a greater probability that adverse changes in the financial condition of the issuer or in general economic conditions or both may impair the ability of the issuer to make payments of principal and interest on such securities. Non-investment grade debt securities may not be protected by financial covenants or limitations on additional indebtedness. In addition, evaluating credit risk for debt securities involves uncertainty and the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments. In general, an economic recession could severely disrupt the market for debt securities, have a material adverse effect on the value of such securities and increase the incidence of default for such securities.

Convertible Securities

Convertible securities are stocks or other securities that may be converted into, or exchanged for, a specified amount of common stock of the same or a different issuer within a particular period of time at a specified price or formula. Typically, the market value of a convertible security performs like that of a debt security. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by the Fund is called for redemption, the Fund will be required to permit the issuer to redeem the security, convert it into the underlying common stock, or sell it to a third party. Any of these actions could have a material adverse effect on the Fund’s performance. Convertible securities are also subject to liquidity risk based on market conditions.

Distressed Obligations

The Fund may invest in obligations of issuers in weak financial condition and that may be experiencing considerable capital needs or negative net worth, poor operating results, or special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. These obligations are likely to be particularly risky investments, although they also may provide the potential for correspondingly high returns. In addition, an inherent risk of investing in distressed entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments may also be materially 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, recharacterize debt as equity or disenfranchise particular claims. Such companies’ obligations may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by materially adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry, or specific developments within such companies. 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 prospects for a successful reorganization or similar action will become available or the value of the assets collateralizing the Fund's investments will be adequate.

Short Sales of Securities

The Fund may sell securities short. Selling securities short involves selling securities that the Fund does not own. In order to make delivery to the purchaser of those securities, the Fund may borrow securities from a third-party lender. The Fund subsequently must return the borrowed securities to the lender by delivering to the lender securities purchased in the open market. The Fund could, in theory, be exposed to an unlimited loss in the event of an unlimited increase in the market price of a borrowed security. Purchasing securities to close out the short position can itself cause the price of the securities to rise, thereby limiting profits or exacerbating losses. The risk also exists that the securities necessary to cover a short position will not be available for purchase. Additionally, arbitrage strategies involving short sales are exposed to the risk of the loss of the hedge if the stock sold short is called by the lending broker, or the position cannot otherwise be maintained, forcing premature liquidation.

Short selling is continually the subject of regulatory scrutiny, and regulatory restrictions in one or more markets in which the Fund trades, like the short-selling ban imposed by the SEC in September 2008, could severely impair their ability to engage in short selling and render a strategy unprofitable. Restrictions may be imposed with little or no warning, which could result in substantial losses.

Options

The Fund may buy and sell options on securities and stock indices. The writer of a covered call option assumes the risk of a decline in the market price of the underlying security to a level below the purchase price of the underlying security, less the premium received on the call option. The writer of a covered call option also gives up the opportunity for gain on the underlying security above the exercise price of the call. In addition, the writer of a call option that is not covered assumes the additional risk that it will be required to satisfy its obligation to the buyer of the call option by making an open-market purchase of the underlying securities on unfavorable terms. The buyer of a put or call option assumes the risk of losing the premium invested in the option.

Use of Derivatives

Sirius may use over-the-counter derivative instruments, such as forwards, options and swaps. These contracts are not traded on exchanges; rather, banks and dealers act as principals in these markets. The Fund will be subject to the risk of the failure of, or the inability or refusal to perform with respect to such contracts by, the principals with which the Fund trades. The regulatory and tax environment for derivative instruments in which the Fund may participate, directly or indirectly, is evolving and changes in the regulation, including pursuant to the Dodd-Frank Wall Street Reform Act, or taxation of such instruments may have a material adverse effect on the Fund. The Fund could suffer substantial losses from its derivatives holdings.

Forward Contracts

The Fund may trade forward contracts in currencies on behalf of the Fund. These forward contracts are not traded on exchanges; rather, banks and dealers act as principals in these markets. There is no limitation on the daily price movements of forward contracts traded. In its forward trading, the Fund will be subject to the risk of the failure of, or the inability or refusal to perform with respect to its forward contracts by, the counterparties with which the Fund trades.

Futures Contracts

The Fund may trade futures and options. Futures prices can be highly volatile. Because of the low margin deposits normally required in futures trading, a high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to the investor. Commodity exchanges limit fluctuations in commodity futures contract prices during a single day. During a single trading day no trades may be executed at prices beyond the “daily limit.” Once the price of a futures contract for a particular commodity has increased or decreased by an amount equal to the daily limit, positions in the commodity can be neither taken nor liquidated unless Sirius is willing to effect trades at or within the limit.

Structured Investments

The Fund may invest with Portfolio Managers through structured notes linked to the performance of a Portfolio Fund or through a swap or other contract paying a return equal to the Portfolio Fund. These types of structured investments involve many of the same risks as direct investments in Portfolio Funds. Moreover, structured investments expose the Fund to the risks associated with derivatives markets, including the risk of counterparty default and liquidity risks.

Non-U.S. Investments

The Fund may invest, directly or indirectly, in investment entities located in or managed from countries other than the United States. These investments may be subject to greater risk than domestic investments due to various political considerations, U.S. and foreign tax problems, currency controls, the fluctuation of currency exchange rates, the lack of, or different, regulations applicable to such investments as compared to U.S. investments and other factors.

The Fund may invest in securities of non-U.S. issuers. Non-U.S. investments involve certain special risks, including political or economic instability; the possibility of foreign governmental actions such as expropriation, nationalization or confiscatory taxation; the imposition or modification of currency controls; the imposition of withholding taxes; and different bankruptcy laws and practice. As compared to U.S. entities, non-U.S. entities generally disclose less financial and other information publicly and are subject to less stringent and less uniform accounting, auditing and financial reporting standards.

Use of Leverage

The Fund may make use of leverage in implementing its strategies. Leverage increases both profit potential and risk of loss.

The Fund may in the future borrow from time to time to increase the capital placed with Portfolio Managers, to pay expenses and withdrawals, and for a variety of other reasons. These borrowings not only increase the Fund's risk of loss, but also result in interest expense.

Multiple Portfolio Managers

Sirius, either directly or indirectly, employs, in part, a multi-manager strategy on behalf of the Fund and each Portfolio Manager will trade independently of the others. There can be no assurance that the use of a multi-manager approach will not effectively result in losses by certain of the Portfolio Managers offsetting any profits achieved by others. This offsetting could result in significant reduction in the Fund's assets, because incentive allocations may be allocable to those Portfolio Managers that recognized profits irrespective of the offsetting losses. Various Portfolio Managers will from time to time compete with the others for the same positions. Conversely, opposite positions held by the Portfolio Managers will be economically offsetting. As long as Portfolio Managers hold positions that offset those held by other Portfolio Managers, the Fund will as a whole be unable to recognize any gain or loss on these open positions, while at the same time incurring brokerage commissions on each of the offsetting positions and paying advisory fees.

Relative Value Strategies

The use of certain "relative value" or "market-neutral" hedging or arbitrage strategies in no respect should be taken to imply that the Fund's investments in such strategies are without risk. Substantial losses may be recognized on "hedge" or "arbitrage" positions, and illiquidity and default on one side of a position can effectively result in the position being transformed into an outright speculation. Every relative value strategy involves exposure to some second-order risk of the market. Further, there are few examples of "pure" relative value managers. Many of these managers employ limited directional strategies which expose the managers to market risk.

Event Strategies and Low Credit Quality Securities

The success of event strategies depends on the successful prediction of whether various corporate events will occur or be consummated. The consummation of mergers, exchange offers, tender offers and other similar transactions can be prevented or delayed, or the terms changed, by a variety of factors. If a proposed transaction appears likely not to be consummated or in fact is not consummated or is delayed, the market price of the securities purchased by the Fund may decline sharply and result in losses to the Fund. In many transactions, the Fund will not be "hedged" against market fluctuations.

The Fund may invest in securities of issuers in weak financial condition, experiencing poor operating results, having substantial financial needs or negative net worth, facing special competitive or product obsolescence problems, or issuers that are involved in bankruptcy or reorganization proceedings. Investments of this type involve substantial financial business risks that can result in substantial or total losses. Among the problems involved in investments in troubled issuers is the fact that it frequently may be difficult to obtain information as to the conditions of such issuers. The market prices of these securities are also subject to abrupt and erratic market movements and above average price volatility, and the spread between the bid and

asked prices of these securities may be greater than normally expected. It may take a number of years for the market price of these securities to reflect their intrinsic value. It is anticipated that some of the portfolio securities of the Fund may not be widely traded, and that the Fund's positions in these securities may be substantial in relation to the market for the securities. In addition, the debt securities in which the Fund is permitted to invest may be rated lower than investment grade and hence may be considered to be "junk bonds" or distressed securities.

Hedged Equities Strategies

Although the Fund may take long and short positions, the Fund is likely to have a net long bias in this component. Accordingly, the Fund could incur significant losses in its hedged equities component in the event of a substantial decline in global stock markets. Further, the hedged approach utilized by the Fund could cause the Fund's performance in its hedged equities component to lag behind market indices in the event of sharply rising markets.

In addition, Sirius may employ long-only directional equity strategies in making direct investments on behalf of the Fund. The Fund could incur significant losses in its unhedged, long-only equity positions in the event of a substantial decline in global stock markets.

Sirius may focus its investment activities in certain industry sector or market segments. In such a case, the investment portfolio may be subject to more rapid changes in value than would be the case if the portfolio maintained a wide diversification among industries, companies and types of securities.

Sirius may focus on micro cap and small cap companies. While these smaller companies may have significant potential for growth, they may also be higher risk investments. Small companies often lack the capability to diversify, a wide customer base, extensive manufacturing capability or experience and access to capital markets, any of which may severely limit their ability to grow. Hence, the business risk associated with investing in these companies is considerable. Moreover, because smaller companies are often underfollowed by large investment houses, whose research is relied on by many traditional asset managers, small cap stocks typically are not traded by institutional investors and thus are less liquid than stocks of larger companies.

Using control investing strategies may increase the risk of litigation. Such investment activities may include activities that are hostile in nature and subject the Fund to the risks of becoming involved in litigation by third parties. This risk may be greater where Sirius exercises control or significant influence over a company's direction. The expense of defending against claims and paying any amounts pursuant to settlements or judgments would be borne by the Fund. Further, ownership of companies over certain threshold levels involves additional filing requirements and substantive regulation on such owners, and if Sirius fails to comply with all of these requirements, the Fund may be forced to disgorge profits, pay fines or otherwise bear losses or other costs from such failure to comply.

Although Sirius will hedge the Fund's market exposure, such hedging may provide no protection against significant losses. Moreover, Sirius may implement a purely speculative strategy.

The Fund may engage in frequent trading of securities. Frequent trading may subject the Fund to increased brokerage and other transactions costs and taxes, which may in turn adversely affect performance.

Volatile Markets

The prices of securities and derivative instruments, including futures and options prices, may be volatile. Price movements of securities, forward contracts, futures contracts and other derivative contracts in which the Fund may invest 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 U.S. and international political and economic events and policies. In addition, governments from time to time intervene, directly and/or by regulation, in certain markets, particularly those in currencies and interest rate related futures and options. This intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The Fund is also subject to the risk of the failure of any of the exchanges on which their positions trade or of their clearinghouses.

Concentration

Sirius is not required to follow any specific concentration restrictions and may at times (individually or collectively) accumulate substantial positions in one or more securities, thereby exposing the Fund to the possibility of substantial losses. With respect to the Portfolio Funds, because information regarding the actual investments made by the Portfolio Managers may be unavailable, Sirius may be unable to determine whether excessive concentration has taken place.

In addition, Sirius does not follow any formal diversification policy in allocating the Fund's assets among the Portfolio Managers. As a result, the Fund's assets may be concentrated in a single strategy or with a limited group of Portfolio Managers.

Limited Information Regarding Portfolio Managers

Sirius evaluates and monitors each Portfolio Manager based in part on the detailed information it receives from such Portfolio Manager regarding its historical performance and investment strategies. However, Sirius may not have access to complete information regarding a Portfolio Manager.

Reliability of Valuations of Portfolio Funds

The Fund's interest in a Portfolio Fund is generally valued at an amount equal to the Fund's interest in the Portfolio Fund, as determined pursuant to the instrument governing the Portfolio Fund, and reported by the respective Portfolio Manager. As a general matter, the governing instruments of the Portfolio Funds provide that any securities or investments that are illiquid, not traded on an exchange or in an established market, or for which no value can be readily determined, are assigned a fair value by the Portfolio Managers. Factors used in determining fair value include, but are not limited to, dealer quotes or independent appraisals. These valuations may not be indicative of what actual fair market value would be in an active, liquid or established market. A number of these valuations may, in fact, prove to be erroneous. Sirius

may not adjust the amount of asset- or performance-based fees previously paid or made, or sums paid out to withdrawing Fund investors to reflect subsequent adjustments to the valuation of the Fund's assets. Portfolio Managers may elect to value certain of the investments in which the Fund participates at cost until liquidated, despite there having been significant increases or decreases in the actual value of such investments.

Possibility of Fraud and Other Misconduct of Portfolio Managers

When Sirius allocates assets to a Portfolio Manager, the Fund does not have custody of the assets or control over their investment by the Portfolio Manager. A Portfolio Manager could divert or abscond with the assets, fail to follow agreed upon investment strategies, provide false reports of operations or engage in other misconduct. Although the majority of Portfolio Managers are registered with the SEC, the Portfolio Funds to which Sirius allocates Fund assets are generally conducting private offerings and have not registered their securities under federal or state securities laws.

Changes in Portfolio Managers and Allocations

Sirius may from time to time select new or replacement Portfolio Managers and change the percentage of assets allocated to existing Portfolio Managers. These changes will be made in Sirius' discretion, subject to the Portfolio Managers' liquidity constraints. The Fund's success will depend to a great extent on Sirius' ability to identify and allocate assets successfully among Portfolio Managers.

DISCIPLINARY INFORMATION

Sirius has no legal or disciplinary events to report that would be material to a client's evaluation of Sirius' advisory business or the integrity of its management.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither Sirius nor its management persons have any relationships or arrangements with other financial services companies that are material to Sirius' advisory business or its clients.

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

Code of Ethics

Sirius has adopted a Code of Ethics predicated on the principle that Sirius owes a fiduciary duty to its clients. The following set of principles frames the professional and ethical conduct that Sirius expects from its employees:

- Act with integrity, competence, diligence and in an ethical manner with the public, clients, prospective investors, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;

- Adhere to the fundamental standard that the employee should not take inappropriate advantage of his or her position;
- Comply with privacy policies designed to protect the confidential nature of investors' non-public personal information;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on himself or herself and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve his or her professional competence and strive to maintain and improve the competence of other investment professionals; and
- Comply with applicable provisions of the federal securities laws.

The Code of Ethics provides that Sirius employees must pre-clear any personal transactions in initial public offerings or limited offerings.

The Code of Ethics also provides that Sirius employees are prohibited from effecting transactions on behalf of the Fund in publicly traded securities issued by companies for which Sirius possesses material non-public information. All employees, whether investment professionals or non investment professionals, will be regarded as having access to any non-public information about a public company that has been received by any other employee.

Sirius will provide, at no cost, a copy of its Code of Ethics to its clients and prospective clients, including, as appropriate, their boards of directors or trustees. Sirius will also provide a copy of its code of ethics to the Fund investors upon request.

Conflicts of Interest

Sirius is subject to certain conflicts of interest in advising the Fund. Some of these conflicts are summarized here, but this summary does not attempt to describe all of the conflicts of interest associated with an investment in the Funds. The confidential private placement memorandum for the Fund contains a more complete description of what Sirius believes to be the most significant conflicts of interest associated with an investment in the Fund, but is also not an exhaustive list.

Proprietary Trading. It is possible that a Sirius employee may invest in the same security as the Fund.

Other Accounts of Sirius. Sirius may, in the future, manage and advise accounts other than the Fund. The Fund and these accounts may be managed on terms that differ significantly from those applicable to the Fund. Sirius may have financial incentives to favor certain other accounts over the Fund. Even if Sirius does not do so, Sirius would be required to allocate its limited resources among the Fund and any other accounts that it advises. Some trades and entire strategies that Sirius utilizes on behalf of the Fund, as well as many of the positions acquired for the Fund, may be materially different from the trades and strategies which Sirius implements on

behalf of one or more of its other accounts.

Allocation of Investment Opportunities. Sirius intends to allocate investments between the Fund and/or relevant accounts on a basis that it considers to be equitable, taking into consideration factors such as the size of a portfolio, available capital, concentration of holdings, investment objectives and guidelines, the liquidity needs of the fund and relevant tax considerations. Sirius will attempt to allocate or rotate investment opportunities in a manner deemed fair and equitable, over time and in the aggregate, by Sirius and in accordance with the terms of Sirius's compliance policies and procedures.

If a determination is made to sell simultaneously for the Fund or other accounts all or any portion of a shared position, Sirius intends to allocate the sale on a basis that it considers to be fair and equitable, including the excess portion that was purchased by any other accounts managed by Sirius, taking into account to the same relevant allocation factors used by Sirius in determining the allocation of purchased investments.

BROKERAGE PRACTICES

Best Execution and Soft Dollars

In selecting brokers, Sirius and the Portfolio Managers seek best execution, considering such factors as price, execution capabilities, reputation, infrastructure, reliability, financial resources, quality of research products or services and other value added services. Sirius makes its broker selection without any consideration of client referrals by any brokerage firm. If Sirius or a Portfolio Manager determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage, research products or services and other property, products and services provided by the broker to the Fund or Portfolio Fund, Sirius or the Portfolio Manager may cause the Fund or the Portfolio Fund to pay commissions to such broker in an amount greater than the amount another broker might charge. Arrangements under which an adviser receives products or services from a broker in consideration for commissions or revenue are known as "soft dollar" arrangements. Some brokers used by Sirius or the Portfolio Managers may also make cash payments to discharge the obligations of Sirius or the Portfolio Manager to third parties. Under these arrangements Sirius or such Portfolio Manager may pay commissions to such brokers which are greater than the amount another broker might charge.

Sirius and the Portfolio Managers use a wide range of brokers and dealers, some of which may be affiliated with certain of such Portfolio Managers. Neither Sirius nor any Portfolio Manager receives any share of commissions or dealer mark-ups paid by the Fund or Portfolio Fund. However, some Portfolio Managers may have long-standing business relationships with the brokers or dealers through which they execute transactions, and Sirius may have long-standing business relationships with some Portfolio Managers selected for the Fund.

Sirius assumes no responsibility for the actions or omissions of any broker or dealer selected by Sirius in good faith, and no responsibility for the actions or omissions of any broker or dealer selected by any Portfolio Manager.

Section 28(e) of the Securities Exchange Act of 1934 provides a "safe harbor" to investment managers with respect to soft dollar arrangements. Conduct outside of the safe harbor afforded by Section 28(e) is subject to traditional standards of fiduciary duty under state and federal law.

Various Portfolio Managers may not conform to the safe harbor of Section 28(e). Sirius is generally authorized to consent to Portfolio Managers using brokerage firms which furnish or pay for quotation and/or electronic office equipment, recordkeeping and clerical services, office space, data, research and travel and entertainment expenses utilized or incurred by Sirius or such Portfolio Manager, whether or not the terms on which these products or services are provided conform to the restrictions set forth in Section 28(e).

In the past year, Sirius has received research reports from its brokers in exchange for Fund brokerage commissions. This benefits Sirius as it is not required to produce such research internally and at its own expense.

As of the date of this Brochure, Sirius does not aggregate the purchase of securities as it advises solely the Fund.

Trade Errors

Sirius may from time to time make trade errors in executing direct trades for the Fund. Trade errors are not errors in matters such as judgment, strategy, market analysis, economic outlook, but rather errors in implementing specific trades which Sirius had determined, rightly or wrongly, to make. Examples of trade errors would be buying 10,000 shares of an issue rather than the 1,000 that was intended or taking a long rather than the intended short position in a particular issue. Trade errors can result from clerical mistakes, miscommunications between Sirius' personnel and other reasons.

Sirius determines whether to have the costs arising from trade errors borne by the Fund or Sirius by applying the applicable standard of liability for Sirius in its management of the Fund's capital. Generally, Sirius will be obligated to reimburse the Fund for any trade error resulting from Sirius' fraud, gross negligence or willful disregard, unless otherwise set forth in the Fund's governing documents. Sirius will itself determine in good faith whether or not a given trade error is required to be reimbursed under the general liability and exculpation standards applicable to the Fund. This approach does not contemplate that Sirius would determine whether any individual trade error resulted from Sirius' fraud, gross negligence or willful disregard *per se*; rather, Sirius would likely consider itself to have been grossly negligent if Sirius determines that its supervisory procedures were inadequate to prevent such errors from recurring with any frequency. Sirius will have a conflict of interest in determining whether a trade error should be for the account of the Fund or Sirius and will attempt to resolve such conflict by an objective determination of the status of such trade error under the liability standard. Trade error costs may be material due to the amount of direct trading by Sirius or market losses resulting from the position incorrectly acquired as well as the additional brokerage costs of closing out or reversing the error. The opportunity cost, in other words, lost profits, of not having made the trade intended to be made is not considered a trade error cost. Any gains recognized on trade errors will be for the benefit of the Fund; none will be retained by Sirius.

REVIEW OF ACCOUNTS

The investment activity and performance of the Fund is reviewed on a daily basis by Mr. Foreman and Mr. Beatty in order to assess performance and consistency with investment goals. Mr. Foreman and Mr. Beatty conduct more detailed reviews of the Fund's positions on a monthly basis. The Fund undergoes an annual audit by McGladrey and Pullen LLP.

Fund investors receive unaudited quarterly performance reports for the Fund annual audited financial statements and, if applicable, annual tax reporting information. The approximate net asset value of an investment in the Fund, based on estimates received from the Portfolio Managers, is available upon request.

CLIENT REFERRALS AND OTHER COMPENSATION

Not applicable.

CUSTODY

Under Rule 206(4)-2 of the Advisers Act, Sirius is deemed to have custody of the securities and other assets of the Fund even though Sirius does not physically hold the securities and other assets, and they are not held or registered in Sirius' name. Rule 206(4)-2 imposes certain requirements on registered investment advisers who have actual or deemed custody of client assets, however, Sirius is exempt from many of the provisions of that rule because each client is audited in accordance with U.S. generally accepted accounting principles on an annual basis by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and audited financial statements are distributed to each Fund investor within 180 days of the end of the Fund's fiscal year.

INVESTMENT DISCRETION

Pursuant to the governing documents of the Fund, Sirius, as general partner, has complete investment authority with respect to all securities owned by the Fund and there are no limitations on this authority. This authority is conveyed by Fund investors subscribing to the Fund in their subscription agreements and in the Fund's governing documents.

VOTING CLIENT SECURITIES

Sirius has established procedures for exercising proxy voting rights as required under Rule 206(4)-6. Sirius' proxy voting policy is reasonably designed to ensure that proxies are voted in the best interests of Fund, after taking into account all relevant facts and circumstances at the time of the vote, and in accordance with Sirius' fiduciary duties and applicable regulations. Sirius does not take into account social, political or other non-investment-related goals or interests in voting or abstaining from voting a proxy.

With respect to the Fund's allocations to Portfolio Managers, the exercise of proxy voting rights typically involves votes with respect to terms and structure changes governing the Portfolio Funds. In evaluating these proxies, Sirius considers numerous factors relating to the Fund's investment in the Portfolio Fund, which may include how the vote could affect the value of the Fund's investment in the Portfolio Fund, the liquidity of the Portfolio Fund in the overall context of the Fund's portfolio as well as in comparison to peer Portfolio Funds implementing similar strategies, and other factors that broadly relate to whether the Portfolio Fund continues to fulfill its role in the Fund's portfolio with the terms or structure changes. In voting or abstaining from

voting a proxy, Sirius will act as it deems is in the best interest of the Fund, and in accordance with Sirius' proxy voting policy.

Sirius follows procedures designed to identify conflicts or potential conflicts that could arise between its own interests and those of the Fund. If it is determined that any such conflict or potential conflict is not material, Sirius may vote proxies notwithstanding the conflict. If it is determined, however, that a conflict of interest or potential conflict of interest is material, the Chief Compliance Officer will work with appropriate personnel to agree upon a method to resolve such conflict before voting proxies affected by the conflict. If the Chief Compliance Officer determines that a material conflict of interest exists, Sirius may, at its expense, engage the services of an outside proxy voting service or consultant who will provide an independent recommendation on the direction in which Sirius should vote on the proposal. In such circumstances, the proxy voting service's or consultant's determination will be binding on Sirius. Sirius may also elect to abstain from voting if it deems such abstinence in the Fund's best interests.

Investors may request a copy of Sirius' Proxy Policy, as well as relevant proxy voting records, by contacting Sirius at (312) 443-5245.

FINANCIAL INFORMATION

Sirius is not aware of any financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.