



FORM ADV PART 2A: FIRM BROCHURE

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This brochure provides information about the qualifications and business practices of Prologue Capital Management, L.P., Prologue Capital LLP and Prologue Capital Inc. (collectively, "Prologue"). If you have any questions about the contents of this brochure, please contact us at: (203) 842-0300, or by email at: info@prologuecapital.com. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the "SEC") or by any state securities authority. Registration with the SEC or a state securities authority does not imply a certain level of skill or training.

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

IMPORTANT NOTE:

This Brochure may be provided to current or prospective investors in funds managed by Prologue (each, a “Fund”), together with a Fund’s Constitutional Documents (as defined below), prior to or in connection with such person’s consideration or consummation of an investment in a Fund. This Brochure may also subsequently be provided in Prologue’s discretion, annually, or at the request of an investor. Investors and other recipients should be aware that while the Brochure includes information about the Funds, it is not a complete description of the terms, risks or conflicts associated with an investment in any Fund. More complete information about each Fund is included in such Fund’s Constitutional Documents, which may be provided to current and eligible prospective investors only by Prologue or another authorized party. See Item 4 “Advisory Business” for additional information. In the event of any inconsistency between the Constitutional Documents of a Fund and this Brochure, the Constitutional Documents shall control.

In no event should this Brochure be considered to be an offer of interests in a Fund or relied upon in determining to invest. It is also not an offer of, or agreement to provide, advisory services directly to any recipient. Rather, this Brochure is designed solely to provide information about Prologue for the purpose of compliance with certain obligations under the Investment Advisers Act of 1940, as amended, (the “Advisers Act”) and, as such, responds to relevant regulatory requirements under the Advisers Act, which may differ from the information provided in each Fund’s Constitutional Documents. Prologue will only provide the Constitutional Documents to those it reasonably believes to be qualified to invest as defined by the Advisers Act, and Prologue has the ability to limit and restrict the Investors from whom it will accept investments in the Funds in its sole discretion.

In this Brochure, the Funds (as well as any potential future funds managed by Prologue) are referred to as “Clients” and Investors in the Funds are referred to as “Investors”. Investors are not Clients of Prologue.

ITEM 2: MATERIAL CHANGES

Pursuant to the rules promulgated under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), Prologue Capital Management, L.P., the filing adviser, Prologue Capital LLP, a relying adviser and Prologue Capital Inc., a relying adviser, (collectively, “Prologue”) are required to identify and discuss any material changes made to its brochure since the prior filing. There are no material changes to report. If Prologue makes any material changes to this Brochure, this section will be revised to include a summary of such changes.

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ITEM 4: ADVISORY BUSINESS

Firm Description and Principal Owners

Prologue Capital Management, L.P. (the “U.S. Investment Manager”) is a Delaware limited partnership with its principal office located at 1000 5th Street, Suite 404, Miami Beach, Florida, 33139. The U.S. Investment Manager was formed on September 20, 2010. Prologue Capital Management LLC (“PCM LLC”), a Delaware limited liability company, serves as the General Partner of the U.S. Investment Manager.

Prologue Capital LLP (the “U.K. Investment Manager”) is a limited liability partnership formed in England and Wales with its principal office at 6th Floor North, 20 Balderton Street, Mayfair, London, W1K 6TL, England. The U.K. Investment Manager was formed on July 20, 2005.

Prologue Capital Inc. (the “Sub-Adviser”) is a Delaware corporation with its principal office at 20 East Elm Street, Greenwich, Connecticut 06830. The Sub-Adviser was formed on August 18, 2005 as Prologue Capital, L.P. and converted to a corporation on January 1, 2009.

The principal owners of the U.S. Investment Manager and the U.K. Investment Manager are David Lofthouse and Graham Walsh (the “Principals”). The principal owners of the Sub-Adviser are the U.S. Investment Manager and PCM LLC (the Principals are also the principal owners of PCM LLC).

Although organized as three separate legal entities, the U.S. Investment Manager, the U.K. Investment Manager and the Sub-Adviser (collectively referred to herein as, “Prologue” or the “Prologue Entities”) conduct a single advisory business because, among other things, the Prologue Entities: (i) are subject to a unified compliance program; (ii) advise only private funds maintained on behalf of qualified clients; (iii) use the same or similar names; and (iv) hold themselves out to current and prospective private fund investors as conducting a single advisory business because they, for example, share personnel and resources.

The U.S. Investment Manager, the U.K. Investment Manager and the Sub-Adviser are each registered with the SEC as investment advisers under the Advisers Act. Prologue has filed a single Form ADV with the SEC with the U.S. Investment Manager as the “filing adviser” and the U.K. Investment Manager and the Sub-Adviser each as “relying advisers” in reliance on the position of the SEC expressed in the no-action letter issued to the American Bar Association, Business Law Section, dated January 18, 2012. The U.K. Investment Manager is also authorized and regulated by the U.K. Financial Services Authority of the United Kingdom (the “FSA”).

Types of Advisory Services

Prologue currently provides investment advisory services solely to the following commingled private investment funds (each, a “Client”):

- Prologue Feeder Fund Ltd., a Cayman Islands exempted company incorporated on October 20, 2005 (the “Cayman Islands Feeder Fund”);
- Prologue Delaware Feeder Fund, L.P., a Delaware limited partnership formed on December 22, 2008 (the “Delaware Feeder Fund”, together with the Cayman Feeder Fund, the “Feeder Funds”); and
- Prologue Fund, L.P., a Cayman Islands exempted limited partnership formed on October 24, 2005 (the “Master Fund”, together with the Feeder Funds, the “Master Fund”).

Prologue's affiliate, Prologue G.P. Ltd. (the "Master Fund GP"), serves as the general partner of the Master Fund. Another Prologue affiliate, Prologue Capital U.S. General Partner LLC (the "Delaware GP"), serves as the general partner of the Delaware Feeder Fund. The Cayman Feeder Fund and the Delaware Feeder Fund make substantially all of their investments through the Master Fund as part of a master-feeder structure.

Investors are advised of Prologue's investment strategy for the Funds before they make their investment subscription. Prologue makes all investment decisions on behalf of the Funds and Investors do not participate in the decision of whether or not Fund makes any particular investment. The Funds are managed in accordance with the investment objectives, guidelines and restrictions set forth in their respective Constitutional Documents and are not tailored to any particular Investor. No Investor in any Fund may direct the investments made by the Fund.

For a description of the Master Fund's investment strategies, please see "Methods of Analysis and Investment Strategies" under Item 8.

Tailored Relationships

Prologue limits its activities to advising commingled private investment funds. Each Fund is governed by a limited partnership agreement or articles of association, as applicable, and a description of the Feeder Fund's activities and investment program is set forth in such Feeder Fund's offering documents or other disclosure documents and its respective investment advisory and sub-advisory agreements (such governing documents, offering documents and agreements, a Fund's "Constitutional Documents"). In many instances a more detailed discussion of the topics discussed in this Brochure is available in a Fund's Constitutional Documents. In the event of any inconsistency between the Constitutional Documents of a Fund and this Brochure, the Constitutional Documents shall control.

Investors in the Feeder Funds do not have the ability to individually tailor their investment or impose unique investment restrictions.

Wrap Fee Programs

Prologue does not participate in any wrap fee programs.

Assets Under Discretionary and Non-Discretionary Management

Prologue's assets under management as of December 31, 2012 were \$1,958,877,000, all of which is currently managed by Prologue on a discretionary basis through pooled investment vehicles.

ITEM 5: FEES AND COMPENSATION

Description and Fee Billing

Prologue charges the Master Fund (and indirectly, certain Investors in the Feeder Funds) an asset-based management fee and Prologue's affiliate, the Master Fund GP, as the general partner of the Master Fund, receives from the Master Fund a performance-based allocation. Performance-based allocations are charged in compliance with Rule 205-3 of the Advisers Act.

With respect to the Master Fund, Prologue receives a monthly management fee paid in arrears in an amount equal to $\frac{1}{12}$ of 2% of the net asset value of certain series of shares in the Cayman Feeder Fund and certain

capital accounts of each limited partner in the Delaware Feeder Fund, each as at the close of business on the last day of each month.

The Master Fund GP receives an amount equal to 20% of the appreciation in the net asset value of certain series of classes of shares in the Cayman Feeder Fund and certain capital accounts of each limited partner in the Delaware Feeder Fund, each after deduction of Management Fees and other expenses including Feeder Fund expenses and subject to a "loss carry forward" or "high-water mark" provision.

Prologue waives the management fee and the performance allocation with respect to shareholders and limited partners who are partners and employees of Prologue and its affiliates.

Other Fees or Expenses

Each Feeder Fund has paid or reimbursed Prologue for all costs and expenses incurred (including their respective share of the Master Fund's expenses) in connection with the offering of shares and interests, as applicable, including, but not limited to, organizational, legal and accounting fees, printing costs, travel and out-of-pocket expenses. Each Feeder Fund also pays all of its (and its respective share of the Master Fund's expenses) operating and other expenses, including, but not limited to, interest, duties, taxes, accounting and reporting fees (including, but not limited to, fees and expenses incurred in connection with regulatory or similar filings), audit, administrative, legal expenses, and any other expenses reasonably related to the purchase, sale or transmittal of Feeder Fund assets and independent research concerning the value of assets and potential assets. The Funds also incur custodial, brokerage and other transaction costs. For more information regarding Prologue's brokerage arrangements see Item 12 below.

Expenses of each Fund generally will be shared by all of the Investors in a Feeder Fund, (including the general partner), pro rata in accordance with their investment in a Feeder Fund

Participation or Interest in Client Transaction

Neither Prologue nor any of its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

As described in greater detail in each Fund's Constitutional Documents and above under Item 5, Prologue and the Master Fund GP receive an asset-based management fee and performance-based compensation, respectively, from the Master Fund. Neither Prologue nor any of its supervised persons manage or receive any type of fees from any other accounts.

Although the right to receive an incentive allocation is generally viewed as aligning the interests of the Funds (and their Investors) with the interests of Prologue, conflicts may arise from such arrangements, for example, the Master Fund GP's receipt of incentive allocation may motivate Prologue to make investments that are riskier or more speculative than it would make if it did not receive an incentive allocation. This conflict may be particularly acute when the incentive allocation is fully payable only upon exceeding a high-water mark and the value of an Investor's investment in a Feeder Fund is below such high-water mark.

ITEM 7: TYPES OF CLIENTS

Prologue's Clients are exclusively private investment funds. In addition to the Funds discussed in this Brochure, Prologue may create and advise additional private investment funds or managed accounts in the future. Generally, the minimum investment in a Feeder Fund for Investors who are not affiliated with Prologue is \$1,000,000, although lesser investment amounts may be accepted in Prologue's sole discretion.

Investors in the Funds include institutional investors (including charitable organizations, endowments, and pension plans), high net-worth individuals, endowments, family offices, trusts, banks or other thrift institutions, corporations or other business entities, private and public pension, government or political subdivisions and funds-of-funds. U.S. Investors in the Funds must be "qualified purchasers" and "accredited investors". Certain employees and partners of Prologue, their family members, or entities formed for the benefit of these individuals also invest in a Feeder Fund, to the extent permitted by applicable laws and regulations.

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

Methods of Analysis and Investment Strategies

Prologue seek to achieve the investment objective of the Master Fund primarily with relative value and macro strategies, including, but not limited to, directional and inflation strategies, applied to fixed income, rates and foreign exchange instruments.

Prologue's approach aims to capture short term mispricing and anomalies across nominal yield curves, inflation curves and volatility surfaces. Prologue's approach also includes constructing medium to longer term positions, sometimes expressed through derivatives, which anticipate macroeconomic trends and central bank policy initiatives. Liquidity is a key component to the selection of the products which are traded and portfolio composition and ensures a commitment to capital preservation. Rigorous and tightly controlled risk management parameters are applied at every level of the Master Fund's trading and operations.

The Master Fund's core investment portfolio typically consists of investments in sovereign and quasi sovereign debt, which includes the debt of any related agency, subdivision or instrumentality thereof, mortgage-backed securities issued or guaranteed by such nations, agencies, subdivisions or instrumentalities, currencies and other related instruments, including, but not limited to, exchange traded and over-the-counter derivatives. Prologue intends to invest a majority of the Master Fund's assets in instruments of, or derived from, G7 nations.

The Master Fund may also invest a portion of its assets in commodities; equity indices, non-agency mortgaged-backed instruments and investment-grade credit instruments (in addition to those instruments permitted in the preceding paragraph).

The above description is intended to be a brief description of the principal strategies engaged in by the Master Fund and is not a full description of each strategy. In addition, Prologue may not engage in the strategies set forth above at all times and may engage in other strategies. Prologue's investment program is speculative and entails substantial risks. There can be no assurance that the investment objective of any Fund will be achieved. In fact, the investment techniques that Prologue employs can, in certain circumstances, substantially increase the adverse impact on the Master Fund's portfolio.

Risk of Loss

Risks Related to the Operations and Investment Activities of the Funds

Counterparty Risk. The Master Fund has contractual agreements with various counterparties to perform various functions or effect certain transactions for or on behalf of the Master Fund. There can be no assurance that the Master Fund will be able to maintain such relationships or establish new relationships with other counterparties. An inability to establish or maintain such relationships could limit the Master Fund's trading activities, create losses, preclude the Master Fund from engaging in certain transactions or prevent the Master Fund from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships could have a significant impact on the Master Fund's business due to the Master Fund's reliance on such counterparties.

The Master Fund's counterparties may not be subject to credit evaluation and regulatory oversight. The stability and liquidity of OTC transactions depends in large part on the creditworthiness of the parties to the transactions. The lack of evaluation and oversight of OTC markets exposes the Master Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Master Fund to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Master Fund has concentrated its transactions with a single or small group of counterparties. Generally, the Master Fund will not be restricted from dealing with any particular counterparties. Prologue's evaluation of the creditworthiness of counterparties may not prove sufficient. The lack of a complete and "foolproof" evaluation of the financial capabilities of the Master Fund's counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Master Fund. These factors may cause the Master Fund to suffer a loss due to adverse market movements while replacement transactions are executed or otherwise.

If there is a default by a counterparty, the Master Fund, under most normal circumstances, will have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in the net asset value of the Master Fund being less than if the Master Fund had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent and/or the subject of insolvency proceedings. In such case, the recovery of the Master Fund's securities from such counterparty or the payment of claims therefore may be significantly delayed and the Master Fund may recover substantially less than the full value of the securities entrusted to such counterparty.

In addition, the Master Fund uses counterparties located in jurisdictions outside the United States. Such local counterparties usually are subject to laws and regulations in non-U.S. jurisdictions that are designed to protect customers in the event of their insolvency. However, the practical effect of these laws and their application to the Master Fund's assets are subject to substantial limitations and uncertainties. Due to the range of possible factual scenarios involving the insolvency of a counterparty and the potentially large number of entities and jurisdictions that may be involved, it is impossible to generalize about the effect of such an insolvency on the Master Fund and its assets. Investors should assume that the insolvency of any such counterparty would result in significant delays in recovering the Master Fund's securities from or the payment of claims therefore by such counterparty and a loss to the Master Fund, which could be material.

Competition; Availability of Investments. Certain markets in which the Funds may invest are extremely competitive for attractive investment opportunities. As a result, there can be no assurance that Prologue will be able to identify or successfully pursue attractive investment opportunities in such environments.

Credit Ratings. In general, the credit rating assigned by a nationally recognized rating agency to a security represents such rating agency's opinion of the safety of the principal and interest payments of the rated instrument based on available information. Such ratings are relative and subjective; they are not absolute standards of quality and do not evaluate the market value risk of such securities. Such ratings also do not reflect macroeconomic or systemic risk, including the risk of increased illiquidity in the credit markets. Further, credit ratings may change over time due to various factors, including changes in the creditworthiness of the issuer and/or changes in the rating agency's analytics and processes. It is possible that a rating agency might not change its rating of a particular issue on a timely basis to reflect subsequent events and, as a result, outstanding ratings may not reflect the issuer's current credit standing. The Master Fund may incur losses if it makes investments based on credit ratings that subsequently change in a way not favorable to the Master Fund's investment objective.

Sovereign Risk. Interference by a government with international transactions in its currency or the debt obligations of itself or its nationals through various means, including, without limitation, regulation of the local exchange market, restrictions on foreign investment by residents, limits on flows of investment funds from abroad and debt moratoria, may expose the Master Fund to unanticipated losses.

Exchange Rate Risk. Volatility in international exchange rates between currencies may affect pricing and the profit margin on sales of non-U.S. Dollar positions held by the Master Fund. This, in turn, could adversely affect the Master Fund's rate of return. A portion of the Master Fund's assets will be invested in securities and other investments that are denominated in currencies other than the U.S. Dollar, the Euro, the Great Britain Pound, the Singapore Dollar or the Japanese Yen. Accordingly, the value of a U.S. Dollar, Euro, Great Britain Pound, Singapore Dollar or Japanese Yen investment may be affected favorably or unfavorably by fluctuations in exchange rates, notwithstanding any efforts made to hedge such fluctuations.

The Master Fund will require that payments be made and will make distributions in U.S. Dollars (except to the extent that the Master Fund makes distributions in-kind). Consequently, for Investors who invest in classes whose subscription currency is not U.S. Dollars, or whose local currency is not U.S. Dollars, an investment in the Feeder Funds involves a significant exchange rate risk. The Master Fund could recognize substantial profits but the real value of an Investor's investment could decline due to a decrease in the value of U.S. Dollars relative to such Investor's local currency or the subscription currency of the investment class of Shares.

The Master Fund may, but is not obligated to, elect to hedge its exposure and/or on behalf of the Feeder Funds to hedge the exposure of certain classes to fluctuations in the U.S. Dollar, the Euro, the Great Britain Pound, the Singapore Dollar and the Japanese Yen. As part of such hedging activity, the Master Fund and the Feeder Funds may enter into foreign currency spot and forward transactions with external counterparties and/or between themselves as and when deemed appropriate by Prologue. Profits and losses resulting from the Master Fund's efforts, on behalf of the Cayman Feeder Fund, to hedge the foreign currency exposure of a class will be allocated solely to that class.

Risks Related to Investment Strategy

No Guarantee of Achievement of the Master Fund's Investment Objective. No guarantee or representation is made that the Master Fund's investment strategy will be successful. The Master Fund's investment program may include such investment techniques as leverage, short sales and limited diversification which practices can, in certain circumstances, increase the risk and losses to an Investor. No assurance can be given that the Master Fund will achieve its investment objective or that the ultimate achievement of the Master Fund's investment objective will be profitable for all Investors.

Economic Conditions. Changes in economic conditions, including, for example, interest rates, credit availability, inflation rates, systemic financial market instability, industry conditions, government regulation, competition, technological developments, political and diplomatic events and trends, tax and other laws and innumerable other factors, can affect the Master Fund's investments and prospects materially and adversely. None of these conditions is within Prologue's control, and they may not anticipate these developments. Unexpected volatility could impair the Master Fund's (and therefore, the Funds') profitability or result in losses.

Current Economic Conditions in European Countries. The Eurozone is currently experiencing a debt crisis. There is the risk that this debt crisis may result in: (i) certain members of the Eurozone ceasing to use the Euro as their lawful currency and the introduction by such members of the Eurozone of new currencies; (ii) the dissolution of the Eurozone altogether; and/or (iii) the cessation of the Euro as a lawful currency. The collapse of the Eurozone and the Euro would negatively impact world markets, possibly resulting in defaults in the bond markets and overall instability. Market perceptions concerning the instability of the Euro, the potential reintroduction of individual currencies within the Eurozone, and/or the potential dissolution of the Euro entirely, could adversely affect the value of the Funds generally and in particular the Euro denominated classes. In addition, uncertainty relating to the status of the Euro may make it difficult and/or more expensive, or even impossible, for the Funds to hedge against the Euro, which they have done historically with respect to the Euro denominated classes.

Global Market Losses and Volatility. The global financial markets have experienced severe losses and extreme volatility. In addition, government intervention into the markets has been substantial and unpredictable, such as the temporary ban on shorting the securities of certain financial institutions and the "bailout" of various financial institutions and states. Prologue cannot predict when the markets may fully recover or the nature and impact of further government intervention.

Limited Information. Prologue may not be in a position to obtain all relevant information regarding a security or a financial transaction, and may be unable to determine if certain information is materially inaccurate or fraudulent. Further, Prologue may misinterpret or incorrectly analyze the information that they have about a particular security or financial transaction. These and other factors may cause Prologue to (a) invest in securities or enter into financial transactions at times that will lead to losses in the Master Fund's portfolio and may cause an investor to lose a significant portion of its investment in the Funds or (b) refrain from investing in a particular security or entering into financial transactions at times that would have resulted in gains in the Master Fund's portfolio if Prologue would have caused the Master Fund to invest.

Relative Value. The success of the Master Fund's relative value investment strategy depends upon Prologue's ability to identify and exploit perceived inefficiencies in the pricing of securities, financial products, or markets. Identification and exploitation of such inefficiencies involve uncertainty. There can be no assurance that Prologue will be able to locate investment opportunities or to exploit pricing inefficiencies in the securities markets. Mispricings, even if correctly identified, may not be corrected by the market, at least within a timeframe over which it is feasible for Prologue to maintain a position. Even pure arbitrage positions can result in significant losses if Prologue is not able to maintain both sides of the position until expiration/maturity. A reduction in the pricing inefficiency of the markets in which Prologue seek to invest will reduce the scope for the Master Fund's investment strategies. In the event that the perceived mispricings underlying the Master Fund's positions were to fail to converge toward, or were to diverge further from, relationships expected by Prologue, the Master Fund may incur losses. Even if the Master Fund's relative value investment strategy is successful, it may result in high portfolio turnover and, consequently, high transaction costs.

Global Macro. The success of the Master Fund's global macro investment strategy depends upon Prologue's ability to identify and exploit perceived fundamental, economic, financial and political imbalances that may exist in and between markets throughout the world. Identification and exploitation of such imbalances involves significant uncertainties. There can be no assurance that Prologue will be able to locate investment opportunities or to exploit such imbalances. In the event that the these underlying the Master Fund's positions fail to be borne out in developments expected by Prologue, the Master Fund may incur losses, which could be substantial.

Price Volatility. The market value of debt obligations, including sovereign government bonds, is affected by changes in prevailing interest rates. The market value of a debt obligation generally reacts inversely to interest-rate changes, meaning, when prevailing interest rates decline, a bond's price usually rises, and when prevailing interest rates rise, a bond's price usually declines. A portfolio such as the Master Fund's, consisting primarily of debt obligations, may react similarly to changes in interest rates.

Short Sales. The success of the Master Fund's short selling investment strategy depends upon Prologue's ability to identify and sell short securities that are overvalued. The Master Fund will engage in short sales by selling securities that it does not own at the time of sale. By doing so, the Master Fund becomes obligated to purchase and deliver securities against the short position. In the event that the price of a security increases between the short sale and the Master Fund's subsequent purchase of that security, the Master Fund will suffer a loss on that transaction and the value of the investments will decrease accordingly. In theory, short sales involve the possibility of unlimited loss. There can be no assurance that the Master Fund will not suffer losses on short sales. In connection with short sales, the Master Fund will have to deliver cash or U.S. Treasury securities or other securities to brokers to assure delivery of securities against short positions. The Master Fund may be able to keep only a negotiated percentage of the yield of such U.S. Treasury or other securities.

The availability of securities to borrow to execute a short can change quite dramatically and quickly. This presents a risk not faced with long positions. Moves by securities regulators all over the world to ban or limit short selling can create a new dimension of the risk. Dramatic changes in the availability of borrowed securities for shorting is an event not typically addressable through fundamental security analysis. Short squeezes or short covering rallies can be quite detrimental to overall profits. Avoiding hard-to-borrow securities is a basic risk management discipline. Easy-to-borrow securities can become hard-to-borrow quickly.

Short-Term Market Considerations. Prologue's trading decisions may be made on the basis of short-term market considerations, and the Master Fund's portfolio turnover rate could result in significant trading related expenses.

Leverage and Borrowing.

Leverage for Investment Purposes. Prologue may cause the Master Fund to leverage its investment positions by borrowing funds from securities broker-dealers, banks, or others. Such leverage increases both the possibilities for profit and the risk of loss. In a downward trending market the use of leverage could have a material adverse effect on the Master Fund's profitability and operations. Extensions of credit and guarantees by broker-dealers and performance of the Master Fund's obligations will typically be secured by the Master Fund's securities and other assets. Under certain circumstances, a broker-dealer may demand an increase in the collateral that secures the Master Fund's obligations and if the Master Fund were unable to provide additional collateral, the broker-dealer could liquidate assets held in the account to satisfy the Master Fund's obligation to the broker-dealer. Liquidation in such a manner could have materially adverse consequences. In addition, the amount of the Master Fund's borrowings and the interest rates on those borrowings, which will fluctuate, will have a significant effect on the Master Fund's profitability.

Borrowing for Cash Management Purposes. The Master Fund has the authority to borrow for cash management purposes, such as to satisfy redemption and withdrawal requests. The rates at and terms on which the Master Fund can borrow will affect the operating results of the Master Fund.

Costs. Borrowings will be subject to interest, transaction and other costs, and other types of leverage also involve transaction and other costs. Any such costs may or may not be recovered by the return on the Master Fund's portfolio.

Discretion of Prologue; New Strategies and Techniques. While Prologue will generally seek to employ the representative investment strategies and techniques discussed herein, Prologue has considerable discretion in the types of securities the Master Fund may trade and generally has the right to modify the investment strategies and techniques of the Master Fund without the consent of the Investors. New investment strategies and techniques may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings which could result in unsuccessful trades and, ultimately, losses to the Master Fund. In addition, any new investment strategy or technique developed by the Master Fund may be more speculative than earlier investment strategies and techniques and may involve material and as yet-unanticipated risks that could increase the risk of an investment in the Feeder Funds.

Risks Related to Specific Investments

Fundamentals of Fixed Income Investing. Issuers of fixed income securities have a contractual obligation to pay interest at a specified rate ("coupon rate") on specified dates and to repay principal ("face value" or "par value") on a specified maturity date. Certain bonds (usually intermediate- and long-term bonds) have provisions that allow the issuer to redeem or "call" a bond before its maturity. Issuers are most likely to call such bonds during periods of falling interest rates. As a result, the Master Fund may be required to invest the unanticipated proceeds of the called security at lower interest rates, which may cause the Master Fund income to decline.

Debt Securities Generally. Debt securities of all types of issuers may have speculative characteristics, regardless of whether they are rated. The issuers of such instruments (including sovereign issuers) may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal in accordance with the terms of the obligations.

Interest Rate Risk. Changes in interest rates can affect the value of the Master Fund's investments in fixed-income instruments. Increases in interest rates may cause the value of the Master Fund's debt investments to decline. The Master Fund may experience increased interest rate risk to the extent it invests, if at all, in lower-rated instruments, debt instruments with longer maturities, debt instruments paying no interest (such as zero-coupon debt instruments) or debt instruments paying non-cash interest in the form of other debt instruments.

Sovereign Debt. Several factors may affect (i) the ability of a government, its agencies, instrumentalities or its central bank to make payments on the debt it has issued, including securities that Prologue believes are likely to be included in restructurings of the external debt obligations of the issuer in question, (ii) the market value of such debt and (iii) the inclusion of sovereign debt in future restructurings, including such issuer's (x) balance of trade and access to international financing, (y) cost of servicing such obligations, which may be affected by changes in international interest rates, and (z) level of international currency reserves, which may affect the amount of non-U.S. exchange available for external debt payments. Significant ongoing uncertainties and exposure to adverse conditions may undermine the issuer's ability to make timely payment of interest and principal, and issuers may default on their sovereign debt.

Agency Mortgage Backed Securities. The value of mortgage backed securities, including agency mortgage backed securities, may be particularly sensitive to changes in prevailing interest rates. Early repayment of principal on some mortgage-related securities exposes the Master Fund to a lower rate of return upon reinvestment of principal. When interest rates rise, the value of a mortgage-related security generally will decline; however, when rates are declining, the value of mortgage-related securities with prepayment features may not increase as much as other fixed income securities. The rate of prepayments on underlying mortgages will affect the price and volatility of a mortgage-related security. The value of these securities may fluctuate in response to the market's perception of the creditworthiness of the issuers. Additionally, although mortgages and mortgage-related securities are generally supported by some form of government or private guarantee and/or insurance, there is no assurance that private guarantors or insurers will meet their obligations.

Many of the risks of investing in mortgage backed securities reflect the risks of investing in the real estate securing the underlying mortgage loans. These risks reflect the effects of local and other economic conditions on real estate markets, including the ability of owners to make loan payments. The value of mortgage backed securities may also change due to shifts in the market's perception of issuers and regulatory or tax changes adversely affecting the mortgage securities market as a whole.

Municipal Bonds. Municipal bonds are debt obligations issued by or on behalf of states, territories, and possessions of the United States and the District of Columbia and their political subdivisions, agencies, and instrumentalities. Municipal bonds generally include debt obligations issued to obtain funds for various public purposes. Certain types of municipal bonds are issued in whole or in part to obtain funding for privately operated facilities or projects. Municipal bonds are generally classified as general obligation bonds, revenue bonds, industrial development bonds, notes, and municipal lease obligations.

General obligation bonds are secured by the issuer's pledge of its full faith, credit, and taxing power for the payment of interest and principal. Revenue bonds are payable only from the revenues derived from a project or facility or from the proceeds of a specified revenue source. Industrial development bonds are generally revenue bonds secured by payments from and the credit of private users. Municipal notes are issued to meet the short-term funding requirements of state, regional, and local governments. Municipal notes include tax anticipation notes, bond anticipation notes, revenue anticipation notes, tax and revenue anticipation notes, construction loan notes, short-term discount notes, tax-exempt commercial paper, demand notes, and similar instruments.

The Master Fund's investments in municipal bonds may include mortgage-backed municipal bonds, which are a type of municipal security issued by a state, authority, or municipality to provide financing for residential housing mortgages to target groups, generally low-income individuals who are first-time home buyers. The Master Fund's interest, evidenced by such bonds, is an undivided interest in a pool of mortgages. Payments made on the underlying mortgages and passed through to the Master Fund will represent both regularly scheduled principal and interest payments. The Master Fund may also receive additional principal payments representing prepayments of the underlying mortgages. It is anticipated that prepayment of the underlying mortgages will accelerate in periods of declining interest rates. In the event that the Master Fund receives principal prepayments in a declining interest rate environment, its reinvestment of such funds may be in bonds with a lower yield. In addition, a certain level of prepayments can be expected, regardless of the interest rate environment.

Commodities.

Factors affecting Commodities Prices. The values of commodities which underlie commodity futures contracts and other types of financial instruments are generally affected by, among other factors, the cost of producing commodities, changes in consumer demand for commodities, the hedging and trading strategies of producers and consumers of commodities, speculative trading in commodities by commodity pools and other market participants, disruptions in commodity supply, weather and climate conditions, changes in interest rates, rates of inflation, currency devaluations and revaluations, embargoes, tariffs, regulatory developments, governmental, agricultural, trade, fiscal, monetary and exchange control programs and policies, political and other global events and global economic factors. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in certain markets and this intervention may cause these markets to move rapidly. The Master Fund and Prologue have no control over the factors that affect the price of commodities. Accordingly, the value of the Master Fund's investments could change substantially and in a rapid and unpredictable manner.

Agricultural Commodities. Agricultural commodities are particularly sensitive to changes in, among other things, climate, crop and livestock health, world political events, government action (including export and import restrictions and embargoes), international and regional trade contracts, labor contracts, transportation systems and crop predictions. Significant production declines and volume decreases of agricultural commodities can occur as a result of, among other things, hurricanes, tornadoes, floods, fires and other natural disasters. In addition, agricultural commodities are subject to price volatility as a result of disruptions relating to the facilities necessary to produce, transport, store and deliver the agricultural commodity. As a result, the net asset value of the Master Fund may be affected by such factors.

Precious Metals. Prices of precious metals (e.g., gold, silver, platinum and palladium) are affected by factors such as cyclical economic conditions, political events, and monetary policies of various governments and countries. In addition, certain precious metals are geographically concentrated, and events in those parts of the world in which such concentration exists may affect their values. Gold and other precious metals are also subject to governmental action for political reasons. The markets for precious metals are volatile and there may be sharp fluctuations in prices even during period of rising prices.

Energy. Markets for energy-related commodities, including, without limitation, electricity, coal, natural gas, crude oil and other petroleum products, can be susceptible to substantial price fluctuations over short periods of time and are particularly affected by political events, natural disasters, exploration and development success or failure, and technological changes. In addition, significant short-term price volatility can be caused by the inability to store electricity, tariff regulation and consumer advocacy.

Dependence on Developing Countries. The level of commodity prices can fluctuate widely due to supply and demand disruptions in major producing or consuming regions. In particular, recent growth in industrial production and gross domestic product has made many developing countries, particularly China, disproportionately large users of commodities and has increased the extent to which commodity prices are dependent on the markets of those developing countries. Political, economic and other developments that affect these developing countries may affect the level of certain commodities and, thus, the value of the Master Fund's investments. Because certain commodities may be produced in a limited number of countries and may be controlled by a small number of producers, political, economic and supply-related events in those countries could have a disproportionate impact on the prices of commodity futures contracts and other types of financial

instruments in which the Master Fund will invest. Events affecting the prices of commodities tend to affect prices worldwide, regardless of the location of the event.

Repurchase and Reverse Repurchase Agreements. In a reverse repurchase transaction, the Master Fund “buys” securities issued from a broker-dealer or financial institution, subject to the obligation of the broker-dealer or financial institution to repurchase such securities at the price paid by the Master Fund, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements by the Master Fund involves certain risks. For example, if the seller of securities to the Master Fund under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the Master Fund will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, the Master Fund’s ability to dispose of the underlying securities may be restricted. It is possible, in a bankruptcy or liquidation scenario, that the Master Fund may not be able to substantiate its interest in the underlying securities. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, the Master Fund may suffer a loss to the extent that it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller. Similar elements of risk arise in the event of the bankruptcy or insolvency of the buyer.

Currencies. A principal risk in trading currencies is the rapid fluctuation in the market prices of currency contracts. Prices of currency contracts traded by the Master Fund are affected generally by relative interest rates, which in turn are influenced by a wide variety of complex and difficult to predict factors such as money supply and demand, balance of payments, inflation levels, fiscal policy, and political and economic events. In addition, governments from time to time intervene, directly and by regulation, in these markets, with the specific effect, or intention, of influencing prices which 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.

Derivative Instruments Generally. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk. Derivatives traded OTC may not have an authoritative source of valuation and the models used to value such derivatives is subject to change. In addition, the Master Fund may, in the future, take advantage of new or different opportunities. Special risks may apply in the future that cannot be determined at this time with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available. The regulatory and tax environment for derivative instruments in which the Master Fund may participate is evolving, and changes in the regulation or taxation of such securities may have a material adverse effect on the Master Fund.

Derivative instruments not traded on an exchange carry a risk of nonperformance by the obligor and the ease with which the Master Fund can dispose of such an instrument may be less than in the case of an exchange-traded instrument. The trading of derivative instruments is highly speculative and may entail risks that are greater than those present when investing in other securities. Prices of derivative instruments are generally more volatile than prices of other securities. To the extent that the Master Fund purchases options that it does not sell or exercise, it will suffer the loss of the premium paid in such purchase. To the extent that the Master Fund sells derivative options and must deliver the underlying securities at the derivative instrument price, the Master Fund has a theoretically unlimited risk of loss if the price of such underlying securities increases.

To the extent that the Master Fund must buy the underlying securities, it risks the loss of the difference between the market price of the underlying securities and the derivative instrument price. Any gain or loss derived from

the sale or exercise of a derivative option will be reduced or increased, respectively, by the amount of the premium paid. The expenses of derivative investing include commissions payable on the purchase and on the exercise or sale of the derivative instrument. Special risks are associated with the use of derivative instruments. A decision as to whether, when and how to use derivative instruments involves the exercise of skill and judgment which are different from those needed to select securities, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior, currency fluctuations or interest rate trends. The potential loss incurred by the Master Fund in writing uncovered options is unlimited. When derivative instruments are used as a hedging technique, there can be no guarantee of a correlation between price movements in the derivative instrument and in the portfolio securities being hedged. A lack of correlation could result in a loss on both the hedged securities and the hedging transaction, so that the Master Fund's return might have been better had hedging not been attempted.

Call Options. The seller (writer) of a call option which is covered (i.e., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the securities to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option.

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

Index or Index Options. The value of an index or index option fluctuates with changes in the market values of the securities included in the index. Because the value of an index or index option depends upon movements in the level of the index rather than the price of a particular security, whether the Funds will realize appreciation or depreciation from the purchase or writing of options on indices depends upon movements in the level of instrument prices in the security market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular securities.

Index Futures. The price of index futures contracts may not correlate perfectly with the movement in the underlying index because of certain market distortions. First, all participants in the futures market are subject to margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, shareholders may close futures contracts through offsetting transactions that would distort the normal relationship between the index and futures markets. Second, from the point of view of speculators, the deposit requirements in the futures market are less onerous than margin requirements in the securities market. Therefore, increased participation by speculators in the futures market also may cause price distortions. Successful use of index futures contracts by the Master Fund also is subject to Prologue's ability to correctly predict movements in the direction of the market.

Swaps and Swaptions. Whether the Master Fund's use of swap agreements or swaptions will be successful will depend on Prologue's ability to select appropriate transactions for the Master Fund. Swap agreements and options on swap agreements ("swaptions") can be individually negotiated and structured to include exposure to a variety of different types of investments, asset classes or market factors. Depending on their structure, swap agreements may increase or decrease the holder's exposure to, for example, equity securities, long-term or short-term interest rates, non-U.S. currency values, credit spreads or other factors. Swap agreements can take many different forms and are known by a variety of names. Swap transactions may be highly illiquid and may increase or decrease the volatility of the Master Fund's portfolio. Moreover, the Master Fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. The Master Fund will also bear the risk of loss related to swap agreements, for example, for breaches of such agreements or the failure of the Master Fund to post or maintain required collateral. It is possible that developments in the swap markets, including potential government regulation, could adversely affect the Master Fund's ability to terminate swap transactions or to realize amounts to be received under such transactions.

Futures Contracts. The Master Fund may invest and trade in futures. A futures contract is an agreement between two parties which obligates the purchaser of a futures contract to buy and the seller of a futures contract to sell a security or basket of securities or other instruments for a set price on a future date. The risk of loss in trading futures can be substantial. If the Master Fund purchases a future it may sustain a total loss of the initial margin funds and any additional funds deposited with a broker to establish and maintain its position in the future. If the market moves against the Master Fund's position, the Master Fund may be required to deposit a substantial amount of additional margin funds in order to maintain its position. The placement of contingent or stop orders by the Master Fund will not necessarily limit its losses to the intended amounts, as market conditions may make it impossible for such orders to be executed. There can be no assurance that, at all times, a liquid market will exist for offsetting a futures contract that the Master Fund has bought or sold. This could be the case if, for example, a futures price has increased or decreased by the maximum allowable daily limit and there is no one presently willing to buy the futures contract the Master Fund wants to sell or sell the futures contract the Master Fund wants to buy. The high degree of leverage that can be used in trading futures can lead to large losses.

The value of futures contracts depends upon the price of the securities, such as commodities, underlying them. The prices of futures contracts 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, as well as national and international political and economic events and policies. In addition, investments in futures contracts are also subject to the risk of the failure of any of the exchanges on which the Master Fund's positions trade or of its clearing houses or counterparties. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Master Fund from promptly liquidating unfavorable positions and subject the Maser Fund to substantial losses or prevent it from entering into desired trades. Also, low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. In extraordinary circumstances, a futures exchange or the U.S. Commodity Futures Trading Commission (the "CFTC") could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

Forward Contracts. The Master Fund may, but is not obligated to, elect to hedge its exposure to fluctuations in currencies by entering into forward contracts with respect to such currencies. A forward contract is similar to a futures contract but unlike a futures contract the terms of a forward contract are not standardized nor are forward contracts traded on exchanges designated by the United States or any European government. The CFTC and banking authorities generally do not regulate trading in forward contracts. The principals who deal in the forward contract market are not required to continue to make markets in such contracts. There have been periods during which certain participants in forward markets have refused to quote prices for forward contracts or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. The imposition of credit controls or price risk limitations by governmental authorities may limit such forward trading to less than that which Prologue would otherwise recommend, to the possible detriment of the Master Fund. In its forward trading, the Master 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 principals with which the Master Fund trades. Master Fund assets on deposit with such principals will also generally not be protected by the same segregation requirements imposed on certain regulated brokers in respect of customer funds on deposit with them. Prologue may order trades for the Master Fund in such markets through agents. Accordingly, the insolvency or bankruptcy of such parties could also subject the Master Fund to the risk of loss.

Failure to Enter into Offsetting Trade. To the extent the Master Fund invests in a futures contract or option long, unless an offsetting trade is made, the Master Fund would be required to take physical delivery of the commodity underlying the future or option. To the extent Prologue fail to enter into such offsetting trade prior to the expiration of the contract, the Master Fund may suffer a loss since neither the Master Fund nor Prologue have the operational capacity to accept physical delivery of commodities.

Risks Related to Service Providers; Including Prologue

Other Clients and Activities; Lack of Exclusivity. Prologue, the members of the boards of directors, the Funds' service providers and each of their respective personnel and affiliates (collectively, the "Service Providers") may act as investment managers, general partners, managers, directors, brokers or provide other services to other clients (including other funds and managed accounts) now or in the future. The Service Providers may additionally serve as consultants to, partners or shareholders in other investment funds, managed accounts, companies and investment firms. The Service Providers are not required to refrain from any other activity, to account for any profits from any such activity, whether as partners of additional investment companies or otherwise or to devote all or any particular part of the time and effort of any of their or their partners, officers, directors or employees to the Funds and their affairs.

In providing services to other clients, Prologue or any of their partners, officers, affiliates or employees may, at any time, have, acquire, increase, decrease, or dispose of positions in investments which are at the same time being acquired or disposed of by the Master Fund. As a result, the investment objectives, strategies and positions of such clients may be identical to, similar to, or different from, the investment objectives of the Funds and may result in the Master Fund and another client having substantially different portfolios and investment returns. Investment strategies for such other clients may vary from that of the Funds. Prologue is not obliged to acquire for the Master Fund a position in any investment which Prologue, their partners, officers, affiliates or employees may acquire for their own accounts or for the account of another client, so long as it continues to be the policy and practice of Prologue not to favour or disfavour consistently or consciously any client or class of clients in the allocation of investment opportunities, so that to the extent practicable, such opportunities will be allocated among clients over a period of time on a fair and equitable basis.

Prologue may without prior reference to the Funds recommend and/or effect on behalf of the Funds transactions with or for the Funds in which Prologue or an associate may have directly or indirectly a material interest or a relationship with another party which may involve a conflict with Prologue's duty to the Funds. Prologue will take reasonable steps to ensure fair treatment to the Funds when considering any transaction in which they have a material interest and/or where any conflict of interest may arise. Save for transactions effected for the account of the Funds, neither Prologue nor any associate will be liable to account to the Funds for any profit, commission or remuneration made or received from or by the reason of such transactions or any connected transactions, nor will Prologue's fee be abated thereby. Dealings among clients of Prologue and/or Prologue's associates will be effected on normal commercial terms negotiated at arm's length.

In addition to the conflicts described above, the Service Providers may have additional conflicts of interest in relation to their duties to the Funds. However, each shall, at all times, pay regard to its obligation to act in the best interests of the Funds and the Service Providers will ensure that all such potential conflicts of interest are resolved fairly and in the interest of the Investors as a whole.

Aggregation of Trades. Prologue may manage other portfolios and expect that the Master Fund and other portfolios they manage will, from time to time, purchase or sell the same securities. Subject to the FSA Rules and rules of the SEC (the "SEC Rules"), Prologue may aggregate transactions for the Master Fund, the Delaware Feeder Fund and the Cayman Feeder Fund with those of other clients of Prologue and their Associates (as defined in the FSA Rules) and their respective employees or members/directors and shall allocate such transactions in accordance with the FSA Rules and the SEC Rules and without giving unfair preference. The effect of aggregation may work on some occasions to the disadvantage of the Master Fund, the Delaware Feeder Fund or the Cayman Feeder Fund.

Control Agreement with Prologue. The Cayman Feeder Fund and the Master Fund entered into a control agreement (the "Control Agreement"), in which the Master Fund agrees not to do the following, without the prior consent of the Cayman Feeder Fund: (i) change its investment objectives, policies and restrictions as set out in the Control Agreement and (ii) change Prologue, custodian, or Prime Brokers to the Master Fund. The directors of the Master Fund GP will further ensure that the Master Fund (i) gives prompt notice to the Cayman Feeder Fund of any changes to administrator, transfer agent, registrar, or auditor, (ii) shall continue to be validly organized and shall operate in conformity with its constitution at all times, (iii) shall adhere to the principles on the resolutions of conflicts of interest in the Control Agreement, and (iv) sells limited partnership interests in the Master Fund to the Cayman Feeder Fund that are in conformance with the constitutional documents of the Master Fund and with all relevant legal and regulatory requirements and that such limited partnership interests be issued without third party rights or obligations.

Use of Prime Brokers to Hold Assets. Prologue may place some or all of the Master Fund's assets with a prime broker. Special risks exist because some or all of the assets of the Master Fund will be held by a prime broker rather than a bank custodian. Because of the presence of short positions and the use of margin, some or all of the Master Fund's assets may be held in one or more margin accounts, which may provide less segregation of customer assets than would be the case with a more conventional custody arrangement. A prime broker normally has a right to borrow, lend or otherwise use the Master Fund's investments for its own purposes or transfer them to itself as collateral. Such investments will become the property of the prime broker so that in the event of its insolvency, the Master Fund would be an unsecured creditor in respect of those investments. In the event that the prime broker experiences severe financial difficulty, the Master Fund's assets could be frozen and inaccessible for withdrawal or subsequent trading for an extended period of time while the prime broker's business is liquidated, resulting in a potential loss to the Master Fund due to adverse market movements while the positions cannot be traded. Furthermore, if the prime broker's pool of assets is determined to be insufficient

to meet all claims, the Master Fund could suffer a loss.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in a Feeder Fund. Prospective Investors should read the Feeder Fund's private placement memorandum and consult with their own legal, tax and financial advisers before deciding to invest in the Fund.

ITEM 9: DISCIPLINARY INFORMATION

Form ADV Part 2 requires investment advisers such as Prologue to disclose legal or disciplinary events involving the firm or Prologue's partners, officers, or principals that are material to Investors' evaluation of Prologue's advisory business or the integrity of Prologue's management. Prologue has no disclosure applicable to this item.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Broker-Dealer Registration

Prologue does not have a registration or an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Futures, Commodity Pool Operator, Commodity Trading Advisor

Prologue does not have a registration or an application pending to register as a futures commission merchant or an associated person of the foregoing entities. Each of Prologue Capital Management, L.P., Prologue Capital LLP and Prologue Capital Inc. are NFA members, commodity pool operators and commodity trading advisors.

Related Person Arrangements

Neither Prologue nor any of its management persons have any relationship or arrangement with a related person that is material to Prologue's advisory business or to its Clients that it has not otherwise disclosed.

Arrangements with Other Investment Advisers

Prologue does not recommend or select other investment advisers for its Clients nor does it have any other business relationships with any other advisers that create a material conflict of interest.

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

Code of Ethics

Prologue has adopted a Code of Ethics (the "Code") in accordance with Rule 204A-1 of the Advisers Act. A copy of the Code is available to Investors and prospective investors upon request. The purpose of the Code is to set forth certain key guidelines that have been adopted by Prologue as office policy for the guidance of all personnel and to specify the responsibility of all employees of Prologue to act in accordance with their fiduciary duty to Prologue's Clients and to comply with applicable federal and state laws and regulations. The Code requires that all employees conduct themselves in accordance with high ethical standards, which should be premised on the concepts of integrity, honesty and trust, and in full compliance with all applicable federal and state laws and regulations concerning the securities industry. Copies of the Code will be made available to any

Investor or prospective Investor in a Feeder Fund upon request. Inquiries should be directed to info@prologuecapital.com.

The Code includes provisions regarding general standards of conduct; handling confidential information; the treatment of material non-public information; personal trading of securities; private securities transactions by employees; employee outside business activities; and gifts and entertainment. Each employee is required to acknowledge that the Code and each subsequent amendment has been received, that the employee understands the Code.

The following is a summary of certain provisions of the Code:

Confidential Information. As an investment adviser, Prologue has a fiduciary duty to its Clients not to divulge or misuse information obtained in connection with its services as an adviser. Therefore, all information, whether of a personal or business nature, that an employee obtains about a Client's or an Investor's affairs in the course of employment with Prologue should be treated as confidential and used only to provide services to or otherwise for the benefit of the Client or Investor. Such information may sometimes include information about non-Clients, and that information should likewise be held in confidence. Even the fact that Prologue advises a particular Client (or indirectly, an Investor) should ordinarily be treated as confidential.

The Code sets forth steps employees should take to help preserve confidential information including the following: avoiding inadvertent or accidental disclosure through careless conversation or describing details of a current or proposed trade, investment or transaction in a public place; employing physical safeguards, such as locking file cabinets and using password protected computer files or disks; and careful use of email. A copy of Prologue's privacy policy is distributed to Investors in a Feeder Fund on an annual basis.

Material Non-Public Information. All employees of Prologue (in any capacity) and certain relatives, business associates and others of an employee, who receive material nonpublic information concerning an issuer of securities are subject to these rules. Generally, material non-public information is material information about an issuer's business or operations (past, present or prospective) that becomes known to an employee and which is not otherwise available to the public.

Although the exact meaning of "material" is unclear, if a person knows information about an issuer which the person believes would influence an investor in any investment decision concerning that issuer's securities and which has not been disclosed to the public, the person should not buy or sell that issuer's securities. The Code also explicitly forbids disclosing material non-public information to another person ("tipping") who subsequently uses that information for his or her profit.

All personnel receiving material, non-public information have the same duty not to disclose or use information about persons or issuers who are not Clients of Prologue in connection with securities transactions as they have with respect to Client's securities. In other words, employees may not purchase or sell any securities with respect to which they have material non-public information for their own, Prologue's or for a Client's account or cause Clients to trade on such information until such information becomes public. Whenever employees come into possession of what they believe may be material non-public information about an issuer, they must immediately notify Prologue's chief compliance officer. The chief compliance officer shall maintain a list of all issuers about which Prologue has material non-public information and shall circulate such list to the appropriate personnel at Prologue so as to prevent any trading in securities of such issuers.

Fiduciary Duty and Conflicts of Interest. Prologue and its employees have a fiduciary duty to Prologue's Clients to act for the benefit of the Clients and to take action on the Clients' behalf before taking action in the interest of any employee or Prologue. Prologue and its employees must act for the Clients' benefit and treat the Clients fairly. The manner in which any employee discharges its fiduciary duty and addresses a conflict of interest depends on the circumstances. Sometimes general disclosure of common conflicts of interest may suffice. In other circumstances, explicit consent of the Client to the particular transaction giving rise to a conflict of interest may be required or an employee may be prohibited from engaging in the transaction regardless of whether the Client consents. The duty to disclose and obtain a Client's consent to a conflict of interest must always be undertaken in a manner consistent with the employee's duty to deal fairly with the Client. Therefore, even when taking action with a Client's consent, each employee must always seek to ensure that the action taken is fair to the Client.

Personal Trading. Employees are allowed to buy and sell securities for their own accounts. All personal trading must be undertaken in accordance with Prologue's personal account trading policy. Given the nature of the transactions and markets that Prologue operates in, pre-clearance of securities transactions is not generally required (except for the acquisition of any security in an initial public offering or in a limited offering). However, if an employee has reason to believe that a personal trade may prejudice the interests of Prologue or any Client, pre-clearance should be obtained. If personnel are in any doubt whatsoever over the status of a transaction they are required to consult and if necessary pre-clear the trade with Prologue's chief compliance officer.

Certain newly hired employees must submit an initial holdings report disclosing to the chief compliance officer the identities, amounts, and locations of all securities owned in all accounts in which he or she has a "beneficial ownership interest." Each such employee must also report to the chief compliance officer within a designated period of time after the end of each calendar quarter all securities transactions in all of such employee's covered accounts during the preceding quarter.

Scalping or Front-Running. Subject to Prologue's personal trading policy, if any employee knows of a pending "buy" recommendation or is aware of a pending "sell" recommendation, then that employee may not engage in the practice of purchasing or selling such security. Such activities may put Prologue and its employees in a conflict of interest and give the employee an advantage at the Client's expense. Any trades undertaken for an employee's own account, for the account of the Client, for the account of any non Client or for another related person must be done so as not to disadvantage a Prologue Client in any way.

Outside Business Activities. Unless otherwise agreed by Prologue, no Prologue employee may be employed by any unaffiliated entity and any outside business activity is subject to approval. In granting approval, Prologue will consider whether any outside business activity conflicts or may conflict with the business in which Prologue and its affiliates, including the Clients, engage.

Gifts and Entertainment. Prologue has a policy on gifts and entertainment which is designed to minimize the conflicts and other risks that can arise when employees give or accept gifts and entertainment. There are also restrictions on giving gifts and on appropriate entertainment.

Dealing with Clients as Agent and Principal. In accordance with Section 206(3) of the Advisers Act, the Code requires that employees involved in situations where Prologue is buying or selling securities from a Client or where Prologue acts as a broker-dealer for a non-Client in a transaction with an advisory client disclose to the Client in writing the capacity in which Prologue acts, its profits (if it acts as principal) and its commissions (if it acts as agent for another) and obtain the Client's consent. Prologue generally does not participate in these types

of transactions, but any such transaction must not be entered into without prior consultation with Prologue's chief compliance officer.

Possible Conflicts of Interest

Prologue currently provides advisory services solely to the Funds. As noted above, Prologue and its employees have a fiduciary duty to Prologue's Clients to act for the benefit of the Clients and to take action on the Clients' behalf before taking action in the interest of any employee or Prologue. Prologue will use its reasonable best efforts in connection with the purposes and objectives of the Fund and will devote so much of its time and effort to the affairs of the Fund as may, in its sole discretion, be necessary to accomplish the purposes of the Fund.

Prologue (and its Principals and affiliates) may conduct any other business, including any business within the securities industry, whether or not such business is in competition with a Fund. Without limiting the generality of the foregoing, Prologue (and its Principals and affiliates) may (i) act as investment adviser or investment manager for other funds or managed accounts, (ii) make and maintain investments in its own name or through other entities and (iii) may serve as an officer, director, consultant, partner or stockholder of one or more investment funds, partnerships, securities firms or advisory firms. It may not always be possible or consistent with the investment objectives of the various persons or entities described above and of the Fund for the same investment positions to be taken or liquidated at the same time or at the same price.

Participation or Interest in Client Transactions and Personal Trading

Prologue does not solicit Clients to invest in funds (such as the Funds) in which Prologue or a related person acts as general partner or investment manager.

ITEM 12: BROKERAGE PRACTICES

Selecting Brokerage Firms

Prologue assumes general supervision over placement of securities orders for the Client portfolios it manages. Pursuant to an investment management agreement with the Fund, the U.S. Investment Manager and the U.K. Investment Manager have the authority to determine the broker-dealer to be used in any securities transaction and the commission rate to be paid. While the primary criterion for all transactions in portfolio securities is the execution of orders at the most favorable net price, numerous additional factors are considered by Prologue when arranging for the purchase and sale of Clients' portfolio securities. These include restrictions imposed by the federal securities laws and the allocation of brokerage in return for certain services and materials described below. In determining the abilities of the broker-dealer to obtain best execution of a particular transaction, Prologue will consider all relevant factors including the execution capabilities required by the transaction, the ability and willingness of the broker-dealer to facilitate the account's portfolio transactions promptly and at reasonable expense, the importance to the account of speed, efficiency or confidentiality and the broker-dealer's apparent familiarity with sources from or to whom particular securities might be purchased or sold, as well as any other matters Prologue deems relevant to the selection of a broker-dealer for a particular portfolio transaction of the account.

Research and Other Soft Dollar Benefits

Prologue may use broker-provided products and services that assist it in carrying out its investment decision-making responsibilities. Such services may include, but are not limited to: (i) written information and analyses concerning specific securities, companies or sectors; (ii) market, financial and economic studies and forecasts,

as well as discussions with research personnel; (iii) certain financial and industry publications; and (iv) statistical and pricing services utilized in the investment management process. Prologue intends to comply with Section 28(e) of the Securities Exchange Act of 1934, as amended, in connection with its use of soft dollars. In addition, where the U.K. Investment Manager enters into arrangements relating to the execution of transactions on behalf of the Fund whereby it receives goods and services related to the execution of trades or the provision of research, under current FSA requirements it must have reasonable grounds for being satisfied that such goods and services are related to the execution of trades on behalf of its customers, or comprise the provision of research, will reasonably assist it in the provision of its services, and are not likely to impair compliance with its duty to act in the best interests of its customers.

When Prologue uses Client brokerage commissions, mark-ups or markdowns to obtain research or other products or services, Prologue will receive a benefit because it will not have to produce or pay for the research, products or services that are provided. Prologue may have an incentive to select a broker-dealer based on its interest in receiving the research or other products or services, rather than on Clients' interest in receiving most favorable execution.

All research services received from broker-dealers to whom commissions are paid are used collectively. There is no direct relationship between commissions received by a broker-dealer from a particular Client's transactions and the use of any or all of that broker-dealer's research material in relation to that Client's account. Prologue may pay a broker-dealer a brokerage commission in excess of that which another broker-dealer might have charged for the same transaction in recognition of research and brokerage related services provided by the broker-dealer.

Prologue was not involved in any soft dollar arrangements during its last fiscal year.

Brokerage for Client Referrals

Prologue does not consider whether it receives Client referrals from a broker in selecting broker-dealers.

Directed Brokerage

Prologue does not recommend, request or require that a Client direct Prologue to execute transactions through a specified broker-dealer.

Aggregation of Client Accounts

The Fund is the only Client on whose behalf Prologue engages in trading, and thus Prologue does not aggregate orders for Client accounts. Prologue may, however, aggregate orders for the purchase or sale of securities on behalf of the Fund with orders on behalf of other related party accounts (proprietary accounts of Prologue, accounts owned beneficially by any employee or a family member of such employee, or pooled investments in which any of these participates). Securities purchased or proceeds of securities sold through aggregated orders are allocated to the account of each portfolio that bought or sold such securities at the average execution price. If less than the total of the aggregated orders is executed, related party accounts owned entirely by Prologue, by employees or by such employees' family members will have their allocation reduced to zero before any reductions are made in the allocation to the Fund. Transaction costs for any transaction are shared pro rata based on each portfolio's participation in the transaction. Any such trade aggregation shall also be conducted in compliance with applicable FSA rules.

ITEM 13: REVIEW OF ACCOUNTS

Periodic Reviews

The investment objectives of the Funds are set forth in each Fund's Constitutional Documents. The investment mandate of the Funds is very broad. Prologue does not tailor the investments made by the Funds to the specific investment objectives of any Investor in a Fund and no Investor in a Fund may impose investment restrictions on the activities of such Fund.

Prologue performs various intra-day, daily, weekly, monthly, quarterly and periodic reviews of each Client's portfolios. Such reviews are generally conducted by Prologue's chief risk officer, chief investment officer, portfolio managers, and operations and finance teams.

Review Triggers

In addition to the reviews described above, a review of a Fund's account may also be triggered by any unusual activity or special circumstances.

Regular Reports

Investors in the Feeder Funds generally receive the following reports and communications from Prologue:

- estimated unaudited weekly reports of the performance and risk profile of the Funds from Prologue;
- estimated unaudited monthly reports of the performance and risk profile of the Funds from Prologue;
- unaudited confirmed month end net asset value and risk profile of the Funds from Prologue;
- monthly newsletter providing an overview of the Funds' performance and future outlook from Prologue;
- unaudited monthly reports of the performance of the Funds from the Funds' third party administrator;
- quarterly letter discussing Prologue's outlook on the global economy and risks, generally;
- unaudited semi-annual financial statements prepared in accordance with GAAP delivered to Investors within 120 days after the Fund's semi-annual period ends;
- annual audited financial statements prepared in accordance with GAAP delivered to Investors within 120 days after the Fund's fiscal year end;
- opportunity to listen to periodic conference calls relating to the Funds' performance and future outlook with senior management of Prologue; and
- Schedules K-1, PFIC reporting and other applicable tax information.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Client Referrals

Prologue has entered into an agreement with a third party placement agent to introduce Prologue to qualified potential investors for the Delaware Feeder Fund. Under this agreement, the placement agent's compensation is structured as a portion of the management fees payable to Prologue by the applicable referred investors or the net asset value of the applicable referred investors' investment in the Fund. Such compensation is paid for the period set forth in the agreement, so long as the applicable referred investors remain invested in the Fund for the duration of such period. The acceptance of any referred investor to the Delaware Feeder Fund is subject in each case to such referred investor being approved by Prologue, in its sole discretion, and meeting applicable regulatory criteria for investing in the Fund. The third party placement agent is registered as a broker-dealer with the SEC.

Other Compensation

Prologue does not have any arrangements under which it receives any economic benefit, including sales awards or prizes.

ITEM 15: CUSTODY

Prologue is deemed to have "custody" over the Funds for purposes of Rule 206(4)-2 under the Advisers Act. To comply with this Rule, each Fund's assets must be held at qualified custodians to the extent required by the Rule; these qualified custodians include prime brokers, banks and other broker-dealers. In addition, audited financial statements are delivered to each Investor within 120 days following such Fund's fiscal year end. If an Investor has not received access to audited financial statements in a timely manner, such Investor should contact the Investor Relations team at ir@plcap.com.

ITEM 16: INVESTMENT DISCRETION

Prologue has full discretionary authority pursuant to the Funds' Constitutional Documents to invest the assets of each Fund in accordance with that Fund's investment objectives, guidelines and restrictions as outlined in such Fund's Constitutional Documents and discussed in Item 8 above.

ITEM 17: VOTING CLIENT SECURITIES

The Master Fund is not expected to invest in the equity or debt of listed companies and therefore, it is unlikely that the Master Fund would have the opportunity to vote on a matter. However, if the Master Fund were to vote a proxy, Prologue would endeavor to vote the proxy in the best interest of the Client. In such an event, Prologue does not anticipate that it will allow Investors to direct Prologue's vote in a particular situation. If Prologue believes that it has a material conflict of interest, with respect to any proxy vote, it will refrain from voting or will vote the proxy in the best interests of the Client.

ITEM 18: FINANCIAL INFORMATION

Form ADV Part 2 requires investment advisers such as Prologue to disclose any financial condition reasonably likely to impair Prologue's ability to meet contractual commitments to Clients. Prologue has no disclosure applicable to this item.

ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS

This item is not required as Prologue is a federally registered investment adviser.