

PDT PARTNERS

Form ADV Brochure

Part 2A

PDT Partners, LLC

**1745 Broadway, 25th Floor
New York, New York 10019**

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This brochure provides information about the qualifications and business practices of PDT Partners, LLC. If you have any questions about the contents of this brochure, please contact us at (212) 621-0400. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

PDT Partners, LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

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

ITEM 2 - MATERIAL CHANGES

This annual update to our Brochure amends the Brochure dated May 15, 2012 that we filed in connection with our initial registration with the SEC.

This Brochure reflects (1) the commencement of our investment advisory activities and (2) the separation of PDT Partners, LLC from Morgan Stanley such that Morgan Stanley and its affiliates are no longer “advisory affiliates” or “related persons” of PDT Partners, LLC under the Investment Advisers Act of 1940 and the rules promulgated thereunder. These events have resulted in material changes to Items 4, 5, 6, 7, 10, and 11 of this Brochure.

In addition, Item 12 of this Brochure has been amended to reflect the fact that we may aggregate or bunch certain orders on behalf of multiple clients.

No other material changes are reflected in this Brochure.

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ITEM 4 - ADVISORY BUSINESS

PDT Partners, LLC is a Delaware limited liability company that was formed in September 2010 and commenced its investment advisory activities on July 1, 2012. PDT Partners, LLC, together with its subsidiaries, PDT Partners UK, LLP and PDT Partners (HK) Limited, (collectively, “PDT”, “our”, or “we”) is the successor to the Process Driven Trading group of Morgan Stanley (the “PDT Group”), which was founded in 1993 as a proprietary quantitative trading group within Morgan Stanley & Co. LLC (together with its affiliates, “Morgan Stanley”).

The principal owner of PDT Partners, LLC is an entity with a number of equity partners (PDT Capital Group, L.P.) that is ultimately controlled by Peter Muller, our Chief Executive Officer. Morgan Stanley holds special, non-voting membership interests in PDT Partners, LLC, but is *not* an “advisory affiliate” or “related person” of PDT for purposes of the Investment Advisers Act of 1940 (the “Advisers Act”). Morgan Stanley does not have any responsibility for the management of PDT and does not provide any liquidity or other support to PDT, except to the extent provided through non-exclusive arm’s-length services, such as prime brokerage, for which PDT engages Morgan Stanley as a counterparty.

PDT develops and deploys quantitative strategies to trade liquid assets globally. We provide investment advisory services to a group of pooled investment vehicles (the “Funds”) on a discretionary basis using quantitative investment strategies. Each Fund may comprise a number of related and/or unrelated entities, e.g., in a “master-feeder” structure or a “parallel fund” arrangement. Using quantitative models developed by PDT, including models that were developed from those originally created by the PDT Group, we trade a broad range of liquid, publicly traded U.S. and non-U.S. securities and other instruments, including, without limitation, equities, futures contracts, foreign exchange contracts, and derivatives thereon.

Each Fund is managed according to the investment objectives and policies set forth in its offering materials. PDT does not tailor the Funds’ investment programs for any particular Fund investor.

As of January 2, 2013, PDT managed, on a discretionary basis, approximately \$7,613,100,000 in regulatory assets under management. We do not manage any assets on a non-discretionary basis.

ITEM 5 - FEES AND COMPENSATION

Fee Schedules; Calculation and Deduction of Fees

PDT does not have a general fee schedule. We generally receive a management fee based on the net asset value of each Fund, ranging from 2% to 3% per annum, and performance-based compensation (which may be paid or allocated to an affiliated entity) based on the net capital appreciation of each Fund, generally ranging from 20% to 50% per annum, and subject to a hurdle rate and/or high watermark. Information relating to the actual fees charged to any Fund is set forth in the offering materials for that Fund. Management fees are generally paid monthly in advance and performance-based compensation is generally paid or allocated at the end of each fiscal year. PDT will deduct fees directly from the assets of the Funds. We may, in our sole discretion, waive, reduce, or modify fees with respect to any investor in a Fund, including, without limitation, any of our employees.

Other Fees and Expenses

In addition to the management fees and performance-based compensation described above, the Funds incur other expenses. Other expenses that may be borne by the Funds, whether incurred directly or indirectly, may include, but are not be limited to: offering and organizational expenses; fund administration expenses; directors fees; external accounting, auditing, and tax preparation and consulting fees; fees of professional consultants and experts relating to investments; external legal fees; brokerage, clearing, and settlement fees; taxes and regulatory fees; custodial fees; market data and other data costs (including risk analytical software); costs attributable to certain software and hardware; certain data center costs; depreciation costs associated with production hardware; technology costs associated with connecting to trading venues, trading counterparties, prime brokers, and similar service providers; expenses of preparing and distributing reports, financial statements, and documents to investors and prospective investors; insurance premiums; interest and financing expenses; expenses relating to short sales; proxy service provider fees; costs of investor meetings; costs and expenses related to the reorganization, dissolution, winding-up, or termination of a Fund; and costs and expenses associated with litigation, arbitration, regulatory examinations, and governmental investigations, and other extraordinary expenses. Consultant expenses payable may be structured as a flat fee, a fee based on the performance of any investments or trading decisions made at the recommendation of a consultant, or in such other manner as is agreed upon by such consultant and PDT.

Certain of these expenses are subject to an expense cap. Each Fund may have different policies with respect to which expenses are borne by the Fund and the level of any expense cap. Certain of the expenses will be paid by PDT on behalf of the Funds and reimbursed by the Funds. None of the fees and expenses described in this section will reduce the management fee or performance-based compensation described above.

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

We simultaneously manage assets for multiple Funds. Because certain Funds have higher performance-based compensation than other Funds, and our employees have more capital invested in those Funds than in other Funds, we have an incentive to favor those Funds over the other Funds.

We have adopted trade allocation and other policies and procedures that we believe are reasonably designed to address these and other conflicts of interest, which are described in the offering materials of the relevant Funds.

ITEM 7 - TYPES OF CLIENTS

Our only clients are the Funds, which are pooled investment vehicles.

Investors in our Funds are generally required to make a minimum initial investment of \$5,000,000. Fund investors are also generally required to be “accredited investors” and “qualified purchasers” and meet other investor qualification criteria required by applicable securities and commodities laws and regulations.

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

Methods of Analysis and Investment Strategies

PDT uses a quantitative investment approach. Our researchers, many of whom hold advanced degrees in mathematics and science, seek to identify indicators with predictive value, using mathematical techniques. The indicators may be technical (e.g., price or volume) or fundamental (information relating to companies, industries, or markets). The research results are incorporated into proprietary models that analyze large amounts of real-time and historical data to generate buy or sell orders in equity securities, futures contracts, foreign currency contracts, and other products.

PDT's investment strategies vary by assets traded, forecasting technique, predictive horizon, risk profile, and other characteristics. Some of our strategies aim to be market neutral; others take directional market exposure within prescribed risk parameters. All of our quantitative strategies are designed to systematically identify, and take advantage of, pricing anomalies and discrepancies in various related and unrelated securities and financial instruments.

The orders generated by PDT's investment strategies are primarily executed through our proprietary trading platform. PDT's trading platform seeks to optimize order execution by managing market impact and risk across multi-period horizons and by responding to changing market conditions.

We monitor the strategies we trade on behalf of the Funds throughout the day and may intervene to reduce perceived risks if we believe markets or assets are reacting to events outside the models' design parameters. On occasion, we may also effect opportunistic trades on behalf of the Funds that are not the result of any particular model.

Material Risks

The following is a summary of material risks for PDT's investment strategies and methods of analysis. This summary does not describe every risk, and not all of the risks described are equally relevant for each Fund. Investors should understand that all of PDT's investment strategies involve substantial risk of loss, including the potential loss of their entire investment. No guarantee or representation is made that a Fund's investment objective will be achieved. Fund investors should carefully review the offering materials of the relevant Fund for additional information on the risks associated with an investment in such Fund.

Quantitative Strategies; Model Risk

In managing the Funds' portfolios, PDT uses quantitative models that trade on signals that we believe, in the aggregate, are indications of future price movement. However, financial markets are complicated and can act in unpredictable ways. The models utilized by PDT are not able to take into account all of the complexities of the financial markets, including events or circumstances that are not readily foreseeable, such as natural disasters, accounting fraud, litigation, or regulatory developments. Even if all of the assumptions underlying the models are correct, there is no assurance that prices will move as the models predict. As a result, PDT's models may perform substantially worse than expected, resulting in losses.

The performance of quantitative models may decay over time. Models must be constantly reevaluated in light of, and, in some cases, adjusted to account for, rapidly changing market conditions. All changes to models (including incremental improvements to current models) expose the Funds to the possibility of unforeseen losses from a variety of factors, including conceptual failures and implementation failures. The determination as to when to turnover a model change is complicated and involves balancing the

implementation and modeling risks associated with turning over new code with the expected benefits of the change. If PDT turns over a new model too quickly or too slowly, the performance of a Fund may be negatively impacted, and the Fund could incur material losses. Fund investors are unlikely to be made aware of any weaknesses or errors in models discovered by PDT (regardless of whether or not such weaknesses or errors are corrected by PDT).

Dependence on Technology

PDT's investment processes, including research, production trading, risk management, and trade allocation, are highly automated and rely heavily on technology, including hardware, software, and other computerized or automated processes. The performance of a Fund, as well as various critical processes of PDT, could be severely compromised by coding errors, computer viruses, telecommunications failures, power loss, natural disasters, security breaches, software related "system crashes," disruption or deterioration of services of third party providers, terrorist attacks, and similar events. Any event that interrupts PDT's computer and telecommunications operations could result in, among other things, the inability of PDT to establish, modify, liquidate, hedge, or monitor a Fund's investments and therefore could have a material adverse effect on the operating results of a Fund.

Reliance on Data

The quantitative models that are utilized by PDT to trade the Funds' portfolios rely on historical and current market and other data provided by third parties. Any interruption in the flow of, or an inability to appropriately process, such data could disrupt PDT's ability to effectively trade and manage the portfolios. In addition, no assurance can be provided that the data supplied by third parties is accurate. Investment decisions made, or programming code developed, on the basis of inaccurate information could have a material adverse impact on the Funds' portfolios.

Further, it is not possible for PDT to integrate all relevant data into the quantitative models it develops. PDT makes subjective decisions regarding what data to integrate into its models. In making such determinations, PDT may consider such factors as it deems relevant in its sole discretion, which may include the cost of obtaining such data and the reliability of the third party providing such data. No assurance can be provided that PDT's selections will result in the Funds achieving their investment objective.

Human Error

While PDT's trading strategies primarily utilize quantitative models and automated processes, the activities and decisions of the personnel play a vital role in PDT's investment approach.

PDT's personnel make subjective decisions in implementing the trading strategies, including determinations in connection with developing and making changes to quantitative models and decisions relating to the timing of trade orders that are placed manually. Subjective decisions by individuals could result in unforeseen consequences to the trading strategies, which could result in losses. The research and modeling processes utilized by PDT are complex and rely on theories and research being translated into computer code. Any errors made by individuals in such translation to computer code or with respect to the input of data may be difficult to detect and could result in errors in the models that result in losses. Given the manner in which the Funds trade, a single software coding error could result in the execution of thousands of unwanted trades.

While PDT takes certain steps to attempt to mitigate the risk of human error, such steps may be unsuccessful, and, in any event, will never be able to eliminate all human error. Fund investors should

not expect to be made aware of model or technology errors discovered by PDT (regardless of whether or not such errors are corrected by PDT). All errors will be for the account of the Fund, except as set forth in the offering materials of the relevant Fund.

Frequent or Short Term Trading

The Funds trade frequently. Consequently, the Funds bear significant brokerage, clearing, and trading fees.

Competition Among Quantitative Managers; Correlated Trading

There are a large number of investment managers that utilize quantitative models in their trading strategies. There may be attempts by other participants in the market to duplicate PDT's models or trading strategies. To the extent that such persons are utilizing models that are similar to those utilized by PDT, a Fund may be competing for investment or arbitrage opportunities with such participants, and the trading by such other persons may impact the opportunities and profitability of the Fund. To the extent that such participants take the same action with respect to a particular position as a Fund, the ability of the Fund to purchase or dispose of its investments at attractive prices may be adversely affected.

In addition, the liquidation of a large number of positions in a short period of time by market participants that utilize quantitative models in their trading strategies could have a material adverse effect on the value of a Fund's portfolio. During the summer of 2007, there was a widespread de-levering by investment managers using similar quantitative models that created overlapping trades, high volatility, and imbalanced liquidity. The liquidation of positions during this period resulted in material losses for many funds using quantitative models—even those funds that did not initiate the de-levering. Any market circumstance similar to, but not limited to, the foregoing could have a material adverse effect on the Funds.

Regulatory Focus on Algorithmic Trading

Algorithmic trading is the subject of ongoing regulatory attention. The Securities and Exchange Commission ("SEC"), the Commodity Futures Trading Commission ("CFTC"), and the European Securities and Markets Authority, among other regulators and exchanges, have undertaken efforts to review the impact of algorithmic trading on the functioning of markets and to suggest systems and controls for trading participants to ameliorate any adverse impact. For example, in October of 2012, in response to recent algorithmic trading mishaps, the SEC hosted a technology roundtable to discuss potential measures to promote stability in markets that rely on highly automated systems. In July of 2012, the Hong Kong Securities and Futures Commission released a consultation paper on the regulation of electronic trading. And, in December of 2011, ESMA published Guidelines on Systems and Controls in an Automated Trading Environment for Trading Platforms and Investment Firms. While the impact of such regulatory focus on PDT is not yet clear, it is possible that new regulations may require additional transparency with respect to the trading strategies used by firms deploying quantitative or algorithmic strategies, such as PDT. Such transparency requirements would make it more likely that PDT's proprietary trading strategies could become known by its competitors, which could have a material adverse effect on the Funds.

New financial transaction taxes and higher exchange fees (for placing and/or cancelling orders) have been proposed, and even de minimis taxes or a small increase in exchange fees could have a substantial negative impact on the returns of investment funds that trade frequently.

Key Personnel; Retention

The performance of the Funds depends to a large degree on the efforts of the individuals employed by PDT. Competition among alternative investment managers is intense for the most highly skilled individuals. If Peter Muller or any senior PDT employee ceases to remain part of PDT, no assurance can be given that PDT would be able to find and recruit a replacement with similar experience or ability or as to the length of time the search for a replacement would take.

Leverage

The Funds utilize leverage as part of their investment program, and the amount of such leverage is expected to be significant. A Fund may obtain leverage by trading on margin or by trading derivative instruments that are inherently leveraged (including, among other things, futures contracts, forward contracts, options, and swaps). Leverage exaggerates the effect on the value of interests in a Fund of any increase or decrease in the market value of its securities, thus increasing the volatility of a Fund. In addition, monies borrowed are subject to interest costs that may or may not be recovered through appreciation of the securities purchased or the yield from such securities. As a result of recent proposals that may require banking entities to hold higher levels of capital (e.g., Basel III capital ratio rules), the financing costs to which the Funds are subject will likely increase. Any material increase in financing costs would have a material adverse effect on the performance of the Funds.

Counterparty Risk

The Funds are exposed to the credit risk of the banks, brokers, dealers, exchanges, and other counterparties through which they deal. The Funds' prime brokers or other financing counterparties hold Funds assets, including assets held as collateral for margin loans or other financing provided to the Funds. If a prime broker or counterparty becomes insolvent, the assets and/or collateral of the Funds held by such prime broker or counterparty may not be recoverable by the Funds. Further, even if the Funds are able to recover a portion of such assets or amounts, such recovery could take a significant period of time.

The Funds are also subject to risk of loss of their assets on deposit with a sub-custodian in the event of the sub-custodian's bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions on behalf of the Funds, or the bankruptcy of an exchange clearing house. The Funds are also subject to risk of loss of its funds on deposit with non-U.S. brokers because non-U.S. regulatory bodies do not uniformly require such brokers to segregate customer funds.

In the case of the bankruptcy of a broker-dealer through which the Funds deal, PDT may not be able to fully resume trading for the Funds for some period of time due to its reliance on the insolvent broker-dealer for exchange connectivity and market data. The opportunity cost to the Funds of not trading those markets for a period of time could be substantial.

Short Sale Transactions

Short selling involves selling securities that may or may not be owned by the seller and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in the value of securities. In addition, positions that are economically similar to short sales may be established through derivatives trading.

A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, exposing the short seller to the theoretically unlimited cost of buying those securities to cover the short position. There can be no assurance that the security necessary

to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Similarly, a short position established synthetically through a derivative could also result in a substantial loss if the value of the underlying asset or index actually increases rather than decreases.

In the past few years, many jurisdictions have imposed restrictions and reporting requirements on short selling. For example, in 2008, the SEC suspended short selling on over 900 public companies (including issuers in the financial services industry) and, in 2010, the SEC adopted a short sale price test rule, which limited short selling an issuer following a 10% decline in its trading price. These restrictions and reporting requirements, and any restrictions and reporting requirements enacted in the future, may change the manner in which a Fund trades and may prevent a Fund from successfully implementing its investment strategies. In addition, reporting requirements relating to short selling may provide transparency to a Fund's competitors as to its short positions, which may have a detrimental impact on the Fund's returns.

Equity Securities and Equity-Related Securities

The Funds invest in equity securities and may also invest in equity-related instruments, such as stock options and individual stock futures. The value of equity securities varies in response to many factors. Factors specific to an issuer, such as certain decisions by management, lower demand for its products or services, or even loss of a key executive, could result in a decrease in the value of the issuer's securities. Factors specific to the industry in which the issuer participates, such as increased competition or costs of production or consumer or investor perception, can have a similar effect. The value of an issuer's stock can also be adversely affected by changes in financial markets generally, such as an increase in interest rates or consumer confidence, that are unrelated to the issuer itself or its industry. These factors and others can cause significant fluctuations in the prices of the securities in which a Fund invests and can result in significant losses.

PDT does not intend to perform due diligence on the fundamental soundness of the business model or management of the issuers in which a Fund invests. PDT's models do not take into account all, or potentially any, of the factors that contribute to the value of a particular company's equity securities.

Derivative Instruments Generally

Derivative instruments, or "derivatives," include instruments and contracts which are derived from, and are valued in relation to, one or more underlying securities, financial benchmarks, or indices (e.g., swaps, credit derivatives, futures contracts, index futures, forward contracts, and options). Many of the risks applicable to trading the underlying asset are also applicable to derivatives trading. However, there are a number of additional risks associated with derivatives trading. Transactions in certain derivatives are subject to clearance on a U.S. national exchange and to regulatory oversight, while other derivatives are subject to risks of trading in the over-the-counter markets or on non-U.S. exchanges. Derivatives may entail investment exposures that are greater than their initial margins or option premiums would suggest, meaning that a small investment in derivatives could have a large potential impact on a Fund's performance. Derivatives are also subject to various other types of risk, including market risk, liquidity risk, structuring risk, counterparty financial soundness, credit worthiness and performance risk, legal risk, and operational risk.

Currencies

A Fund may trade currencies on a speculative basis and may otherwise have exposure to currencies through securities, derivatives, and other instruments that it may choose not to hedge against the U.S.

dollar. To the extent unhedged, the value of a Fund's assets fluctuates with U.S. dollar exchange rates as well as the price changes of a Fund's investments in the various local markets and currencies. Thus, an increase in the value of the U.S. dollar compared to the other currencies in which a Fund makes its investments reduces the effect of increases and magnifies the effect of decreases in the prices of the Fund's securities in their local markets. Conversely, a decrease in the value of the U.S. dollar has the opposite effect on a Fund's non-U.S. dollar securities. Exchange rates can change dramatically over short periods of time, particularly during times of political or economic unrest or as a result of actions taken by central banks, which may be intended directly to affect prevailing exchange rates.

Hedging Transactions

The Funds engage in hedging techniques, involving a variety of derivative transactions. Hedging techniques involve risks different than those of underlying investments. In particular, the variable degree of correlation between price movements of hedging instruments and price movements in the position being hedged creates the possibility that losses on the hedge may be greater than gains in the value of a Fund's positions. Although the contemplated use of hedging instruments is intended to minimize the risk of loss resulting from a decline in the value of the hedged position, the use of such instruments may limit any potential gain which might result from an increase in the value of such position. The ability of a Fund to hedge successfully cannot be assured.

Exchange-Traded Funds

The Funds invest in exchange-traded funds ("ETFs") for hedging and/or speculative purposes. While an investment in an ETF is generally expected to have low volatility and to have a positive correlation to the performance of broader markets, an investment in an ETF that is specific to an industry or sector may have higher volatility and lower correlation to the performance of broader markets. In addition, a Fund will be subject to fees (including, without limitation, management fees and/or distribution fees) in respect of its investment in an ETF, which fees will not offset the management fee and/or other fees to which a Fund investor may be subject in respect of its investment in a Fund. Moreover, as ETFs are investment companies that are registered under the Investment Company Act of 1940 (the "1940 Act"), each Fund (as a private investment fund) is limited in the percentage of any single ETF that it can acquire.

Futures Contracts

The Funds may trade futures contracts. Futures prices can be highly volatile. Because of the low margin deposits normally required in futures and options trading, an extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to the investor.

Certain futures positions at times may be less liquid than at other times 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." 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. In addition, the CFTC and various exchanges impose speculative position limits on the number of positions that a Fund may indirectly hold or control in particular commodities.

Foreign futures transactions involve executing and clearing trades on a foreign exchange. No domestic organization regulates the activities of a foreign exchange, including the execution, delivery, and clearing of transactions on such an exchange, and no domestic regulator has the power to compel enforcement of the rules of the foreign exchange or the laws of the foreign country. Moreover, such laws or regulations

vary depending on the foreign country in which the transaction occurs. For these reasons, a Fund may not be afforded certain of the protections which apply to domestic transactions, including the right to use domestic alternative dispute resolution procedures.

Effect of Speculative Position Limits

The CFTC and various exchanges have rules limiting the maximum number of contracts which any person or group may own, hold, or control. In addition, in applying such limits, the CFTC and various exchanges may require aggregation of the positions owned, held, or controlled by related entities. Even if activities of PDT on behalf of a Fund are conducted separately from the activities of other funds and accounts managed by PDT, Chalkstream (as defined in Item 10 -- Other Financial Industry Activities and Affiliations), or their affiliates, it is possible that the CFTC and some exchanges may require aggregation of a Fund's positions in futures contracts with positions held by such other funds and accounts. Any such limits may adversely impact a Fund; by way of example, such limits may prevent a Fund from acquiring positions that might otherwise have been desirable or profitable.

Options

Although options may be used as a hedge against changes in market conditions, trading in options may also be speculative. Options transactions may be highly leveraged, and gains and losses are therefore magnified. There could be adverse consequences to a Fund in options transactions, for example, if PDT's prediction of movements in the direction of the securities markets is inaccurate. If a Fund were to write an uncovered call option, the Fund would be subject to the risk of unlimited loss.

Swap Agreements

PDT may enter into swap agreements on behalf of a Fund. Swap agreements are privately negotiated over-the-counter derivative products in which two parties agree to exchange payment streams that may be calculated in relation to a rate, index, instrument, or certain securities and a particular "notional amount." Swaps may be subject to various types of risks, including market risk, liquidity risk, structuring risk, tax risk, and the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty. Swaps can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swaps may increase or decrease a Fund's exposure to equity securities, long-term or short-term interest rates, non-U.S. currency values, corporate borrowing rates, or other factors such as security prices, baskets of securities, or inflation rates and may increase or decrease the overall volatility of a Fund's portfolio. Swap agreements can take many different forms and are known by a variety of names. A Fund will not be limited to any particular form of swap agreement if PDT determines that other forms are consistent with the Fund's investment objective and policies. The most significant factor in the performance of swaps is the change in individual equity values, specific interest rate, currency, or other factors that determine the amounts of payments due to and from the counterparties. If a swap calls for payments by a Fund, the Fund must have sufficient cash availability to make such payments when due.

Money Market and Other Liquid Instruments

A Fund may, from time to time, hold cash, cash equivalents, U.S. Treasuries, and other short-term securities or money market funds in order to fund anticipated redemptions or expenses, manage counterparty risk, or for such other reasons as determined by PDT in its sole discretion. Any such temporary or defensive positions could prevent a Fund from achieving its investment objective.

ITEM 9 - DISCIPLINARY INFORMATION

Not applicable.

ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

PDT Partners, LLC is registered with the Commodity Futures Trading Commission (“CFTC”) as a commodity pool operator and commodity trading advisor. We are a member of the National Futures Association (“NFA”). Certain of our employees are registered with the NFA as associated persons and/or principals of PDT Partners, LLC.

PDT Partners UK, LLP and PDT Partners (HK) Limited, subsidiaries of PDT Partners, LLC, provide sub-advisory services to PDT in connection with our management of certain Funds. PDT Partners UK, LLP is authorized and regulated by the U.K. Financial Services Authority, and PDT Partners (HK) Limited is licensed by the Securities and Futures Commission of Hong Kong.

Peter Muller, a principal owner of PDT, is a co-founder of Chalkstream Capital Group, L.P. (“Chalkstream”), which is registered as an investment adviser with the SEC, where he serves as Chairman of Chalkstream’s Investor Committee. Certain potential conflicts of interest may arise in connection with Peter Muller’s involvement with the investment management of Chalkstream, on the one hand, and the Funds, on the other hand. For example, Peter Muller’s involvement in Chalkstream may require substantial time and effort, which time and effort he might otherwise expend on managing the Funds. In addition, even if activities of PDT on behalf of the Funds are conducted separately from the activities of Chalkstream and its affiliates, it is possible that the CFTC and certain exchanges will require aggregation of the Funds’ positions in futures contracts with positions held by Chalkstream and its affiliates.

Both we and Chalkstream have adopted policies and procedures in connection with such activities in order to address and monitor these potential conflicts of interest.

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

PDT has adopted a Code of Ethics (the “Code”) pursuant to Rule 204A-1 under the Advisers Act. Each of our employees is required to acknowledge the Code. The Code requires employees to act in the best interests of our clients and to refrain from putting their personal interests above the interests of our clients.

The Code requires employees to pre-clear trades for covered securities, as defined under the Code, in a personal account. The Code also imposes holding periods and reporting requirements for covered securities. Trading on material non-public information is prohibited by the Code. Investments in private placements, participation in an outside business activity, and political contributions require pre-approval from the Chief Compliance Officer. The Code also places limits on the value of gifts and entertainment that may be received and/or given by employees. Exceptions may be granted only with approval from the Chief Compliance Officer. Violations of the Code may be subject to sanction.

Fund investors and prospective Fund investors may obtain a copy of the Code by sending a written request to PDT Partners, LLC, 1745 Broadway, 25th Floor, New York, NY 10019, Attention: Chief Compliance Officer.

Our employees may buy or sell securities or other instruments that we recommend to the Funds. Moreover, we may recommend to the Funds the purchase or sale of securities in which we or our officers, employees, and/or related persons have a financial interest. To address any potential conflicts of interest, these transactions are subject to our policies and procedures regarding personal securities trading described above, as well as to the requirements of the Advisers Act and other applicable laws.

On occasion, PDT may effect internal “cross” transactions between Funds in which one Fund will purchase securities held by another Fund. Such transactions will be entered into generally only when we deem the transaction to be in the best interests of both Funds and at a price we have determined by reference to independent market indicators and which we believe to constitute “best execution” for both parties. Neither PDT nor any related party will receive any compensation in connection with such “cross” transactions.

All of the transactions described above involve the potential for conflicts of interest between PDT or its related persons and the Funds. The Advisers Act imposes certain requirements designed to decrease the possibility of conflicts of interest between an investment adviser and its clients. In some cases, transactions may be permitted subject to fulfillment of certain conditions. Certain other transactions may be prohibited. In addition, PDT has in some cases, and will in other cases, institute policies and procedures designed to mitigate conflicts of interest and resolve conflicts of interests, when they do arise, in a manner that is consistent with PDT’s fiduciary duty to its clients and complies with applicable law.

ITEM 12 - BROKERAGE PRACTICES

PDT's selection of broker-dealers is overseen by our Brokerage Committee. When selecting trading and other counterparties, and evaluating the performance of those counterparties, the Brokerage Committee takes into account a number of factors, including, without limitation, commission rates, trading and technology infrastructure (including speed and reliability of execution), stock lending supply and rates, ability to execute and process transactions with appropriate levels of confidentiality, operational processes, and the financial strength, integrity, and stability of the broker or counterparty.

We may select a broker-dealer that furnishes us directly or through correspondent relationships with research (including third-party research) or other services which provide, in our view, appropriate assistance in our investment decision-making process. Such research or other services may include research reports on companies, industries, and securities; economic and financial data; economic surveys and analyses; recommendations as to specific securities; financial publications; computer databases; quotation equipment and services; access to hardware that cannot otherwise be accessed in certain markets; and technological solutions relating to data distribution, data center space, and other services. In some circumstances, the commissions paid on transactions with broker-dealers or merchants providing such services may exceed the amount another broker-dealer or merchant would have charged for effecting such transactions. Although we do not currently expect to have "soft dollar" arrangements, we retain the flexibility to enter into such arrangements in the future. Any such arrangements are expected to be in compliance with Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended.

PDT's policy is to generally work orders on behalf of each Fund independently. But, under certain specific circumstances, purchases and sales of securities for a Fund may be aggregated or bunched with orders for other Funds. We generally only aggregate orders when we deem such aggregation to be appropriate under the circumstances. Positions purchased or sold in an aggregated transaction are allocated to the participating Funds in our sole discretion (which allocation method may be *pro rata* by capital, by proportionate order size, or equally across Funds). When a trading counterparty cannot fill all aggregated orders at the same price, we may, in our discretion, average the various prices, and charge or credit accounts with the average price or select another method we determine to be appropriate.

While we believe that when we aggregate orders, such aggregation is appropriate for each Fund overall, the effect of such aggregation may operate on some occasions to a Fund's disadvantage. On the other hand, not aggregating orders may also disadvantage a Fund, including without limitation by increasing transaction costs.

ITEM 13 - REVIEW OF ACCOUNTS

PDT operates multiple automated and manual processes to monitor ongoing trading activity. These reports and alerts are designed to ensure that trading activity is consistent with the general investment objectives of each Fund and provide timely information to portfolio managers or heads of strategy, as applicable, and the relevant monitoring team.

Reports

PDT provides investors in each Fund with monthly written reports setting forth each investor's investment in the Fund and certain other information. Each Fund investor will also be furnished with a set of audited financial statements for each relevant fiscal year and, where applicable, a Schedule K-1 or other IRS Form indicating such investor's share of the Fund's income, gain, loss, deductions, and credits relevant for U.S. federal income tax purposes.

ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

Not applicable.

ITEM 15 - CUSTODY

PDT is deemed to have “custody,” as defined under Rule 206(4)-2 under the Advisers Act, of the assets for the Funds for which its affiliate serves as general partner or for which PDT is the managing member. In those cases, the Funds will provide audited financial statements on an annual basis in accordance with applicable law.

ITEM 16 - INVESTMENT DISCRETION

PDT has discretionary authority to manage the assets of the Funds. Our discretion is exercised in a manner consistent with the stated investment objectives and guidelines of each Fund.

ITEM 17 - VOTING CLIENT SECURITIES

In order to eliminate potential conflicts of interests, PDT has retained a third-party vendor to provide proxy advisory and voting services on behalf of the Funds. Such services include in-depth research, analysis, and voting recommendations as well as vote execution, auditing, and consulting assistance for the handling of proxy voting responsibility. Fund investors may request information on PDT's proxy voting policies by sending a written request to PDT Partners, LLC, 1745 Broadway, 25th Floor, New York, NY 10019, Attention: Chief Compliance Officer.

ITEM 18 - FINANCIAL INFORMATION

Not applicable.