

**Form ADV Part 2A: Firm Brochure**

**March Altus Capital Management LP**

July 26, 2013

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This brochure provides information about the qualifications and business practices of March Altus Capital Management LP. (“March Altus,” the “Investment Manager”, the “Company,” “we,” or “us”). If you have any questions about the contents of this brochure, please contact us at 203-983-4900. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about March Altus is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). An investment adviser’s registration with the SEC does not imply a certain level of skill or training.

## Item 2: Material Changes

March Altus' initial Form ADV filing was made in April 2013. March Altus' business activities have not changed materially since the time of that update.

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## Item 4: Advisory Business

March Altus Capital Management LP is a limited partnership formed in December 2011 under the laws of the State of Delaware. March Altus was formed by, and is principally owned and controlled by, Neil A. Shah.

March Altus provides discretionary investment management services to clients ("Clients") that are privately offered pooled investment vehicles ("Funds") commonly referred to as "hedge funds" or "private funds." March Altus serves as an investment adviser or manager for the Funds. The terms of the Funds are set forth in Confidential Private Placement Memoranda, subscription materials and other constituent documents (the "Offering Documents") of the Funds. The Domestic and Offshore Funds (as defined below) will generally be offered to investors ("Investors") who are (i) both "accredited Investors" as defined under the Securities Act of 1933 (the "Securities Act") and "qualified purchasers" as defined in section 2(a)(51)(A) of the Investment Company Act of 1940, as amended (the "Investment Company Act"), (ii) "knowledgeable employees" (as defined in Rule 3c-5 under the Investment Company Act) or (iii) non-United States persons. Investors must also meet other applicable suitability requirements as outlined in the Fund's Offering Documents.

The Funds are organized in a master-feeder structure. March Altus Fund LP (the “Domestic Fund”), a Delaware limited partnership, and March Altus Fund Ltd (the “Offshore Fund,” and, together with the Domestic Fund, the “Feeder Funds” and each individually a “Fund”), a Cayman Islands exempted company invest all of their investable capital in March Altus Master Fund LP, a Cayman Islands exempted limited partnership (the “Master Fund” and together with the Feeder Funds, the “Funds”). The general partner of the Domestic Fund and the Master Fund is March Altus Capital GP LLC, a Delaware limited liability company (the “General Partner”). The General Partner is also principally owned and controlled by Neil A. Shah.

The Investment Manager’s principal investment objective is to achieve superior risk-adjusted total returns by primarily investing in and actively managing a long-short equity investment portfolio in the healthcare and healthcare-related industries. March Altus aims to achieve this objective by using fundamental research analysis to primarily invest in and trade long and short positions in U.S. and global equities in these industries.

The portfolio of investments consists largely of exchange-traded equity securities (including equity-linked derivatives such as total return swaps and options), but may also include a broad range of other financial instruments including, but not limited to, over-the-counter (OTC) equity securities (including index funds), preferred stock, currencies and fixed income securities (including, but not limited to, credit default swaps).

March Altus does not tailor its investment management services to the individual needs of the limited partners or investors (the “Investors”) of the Funds and therefore does not permit Investors in the Funds to impose limitations on the investment activities described in the Offering Documents for the Funds. March Altus has full discretionary trading authority and broad and flexible investment authority with respect to the Funds. There are no limitations on the markets or types of instruments in which March Altus may invest.

Please review the Offering Documents for the Funds for a more complete description of the investment objective of the Funds and the securities and instruments that March Altus may utilize to implement its objective.

As of June 30, 2013, March Altus managed regulatory assets under management of \$421,825,070, all on a discretionary basis.

## **Item 5: Fees and Compensation**

As explained more fully in each Fund’s respective Offering Document, each Investor in a Fund advised by March Altus will generally be charged a management fee as well as an annual incentive allocation.

### Management Fee

The Investment Manager receives a management fee for its investment management services each quarter based on a percentage of the net asset value of each applicable Investor. The management fee is calculated prior to any accrual of the incentive allocation (discussed below). The management fee rate ranges between 1.50% and 1.75% per annum and is paid to March Altus quarterly in advance on the first day of each calendar quarter. The management fee is prorated for partial periods. Management fees charged reduce the net asset value of each applicable Investor’s

account. Management fees are not negotiable, but each of the Investment Manager and the General Partner, as applicable, may, in its sole discretion, elect to reduce, waive or calculate differently the management fee with respect to any Investor, including Investors that are affiliates or employees of March Altus.

#### Incentive Allocation

The General Partner receives an incentive allocation generally at the end of each fiscal year ranging from 15% to 20% of the net realized and unrealized appreciation in the net asset value of each Investor. The incentive allocation is subject to a high water mark such that no reallocation to the General Partner may be made until certain losses, if any, are recovered. If an Investor withdraws all or any portion of the balance of its account at any time other than December 31, any incentive allocation that has been accrued in respect of such withdrawn amounts will be allocated to the General Partner at that time. The incentive allocation reduces the net asset value of the Investor's account. The incentive allocation is not negotiable but the General Partner may, in its sole discretion, elect to reduce, waive or calculate differently the incentive allocation with respect to any Investor's account, including accounts held by Investors that are affiliates or employees of March Altus.

#### Expenses

The Funds bear their own operating and other expenses (including, without limitation, the Feeder Funds' attributable share of the operating and other expenses of the Master Fund). The Funds' direct and indirect expenses may include, without limitation, the following expenses: investment and trading-related expenses (*i.e.*, expenses directly related to the investment program including, *e.g.*, brokerage commissions, ticket charges, expenses related to short sales, clearing, and settlement charges, custodial fees, financing charges, including interest on margin indebtedness, consulting and any other professional fees or compensation relating to particular investments or contemplated investments, appraisal fees and expenses, and research-related expenses); third-party trading-related expenses; risk and research-related software expenses; legal and regulatory expenses (including those incurred in connection with portfolio holdings, investments, investment activities, expenses relating to the preparation and filing of the SEC's Form PF and other similar U.S. and non-U.S. regulatory and tax filings) and expenses relating to the offer and sale of interests in the Funds and other vehicles investing in the Master Fund; expenses relating to communications with Investors; accounting, audit and tax preparation and consulting expenses; entity-level taxes; organizational expenses; fees and expenses borne directly by any vehicle through which assets of the Master Fund may be invested; premiums for professional liability insurance (including insurance obtained to reduce the Funds' indemnification obligations); administrative expenses; fees relating to valuing assets; expenses relating to the maintenance of registered offices; Fund licensing expenses; indemnification expenses; and other similar expenses (*e.g.*, reasonable commercial travel and lodging expenses related to the foregoing but excluding marketing-related travel expenses) and extraordinary expenses. Expenses borne by any Fund may be paid by the Master Fund.

Except as provided above, the Investment Manager and the General Partner bear their own overhead and administrative expenses, including compensation of employees, employee benefits and rent.

Investors should refer to each Fund's Offering Documents for a complete understanding of the applicable fees and expenses. The information contained herein is a summary only and is qualified in its entirety by such Offering Documents.

## **Item 6: Performance Based Fees and Side-by-Side Management**

As described in Item 5 above and in the relevant Fund's Offering Documents, the General Partner receives an incentive allocation from the Funds. Such performance-based compensation may create an incentive to make investments that are riskier or more speculative than would have been the case if such arrangements were not in effect. In addition, because performance compensation is calculated on a basis that includes unrealized appreciation, it may be greater than if such compensation was based solely on realized appreciation. The General Partner is eligible to receive an incentive allocation from each Fund and the Investment Manager does not currently provide advisory services to any separately managed accounts. As a result, March Altus believes that it and its personnel do not face the conflicts of interest that may arise when an investment adviser is eligible to receive performance-based fees from some clients but not from other clients.

March Altus, or its affiliates, may, in the future, manage multiple accounts with different fee structures, including Investors that pay fees lower or higher than those paid by the Funds. In such case, there would be a potential conflict of interest in that March Altus or its affiliates may have an incentive to provide preferential treatment in terms of time, resources, and investment opportunities to clients paying higher fees. In addition, if March Altus receives performance-based fees from one client but not another, it may have an incentive to make riskier or more speculative investment decisions for the client subject to performance fees. March Altus will adopt policies and procedures to mitigate these potential conflicts of interest.

## **Item 7: Types of Clients**

March Altus provides investment advisory services to the Funds. Investment advice is provided directly to the Funds by the Investment Manager, subject to the direction and control of the General Partner (in the case of the Domestic Fund and the Master Fund) and the Board of Directors (in the case of the Offshore Fund) and not individually to the Investors. As described above, the Investment Manager's clients are the Funds, each of which is a private investment fund exempt from registration as an investment company under Section 3(c)(7) of the U.S. Investment Company Act of 1940.

Investors in the Funds may include, but are not limited to, high net worth individuals, trusts, estates, charitable organizations, endowments, foundations, insurance companies, funds of funds, family offices, public and corporate pension plans and other corporate and business entities.

The Funds require Investors to meet certain minimum investment criteria and suitability requirements as detailed in each Fund's Offering Documents. In order to invest in any of the Funds, an Investor is required to complete and execute a subscription agreement that, among other things, requires the Investor to represent that it meets the suitability requirements of the applicable Fund. Investors are required to make an initial minimum subscription of \$1,000,000, subject to a determination by the General Partner or the Board of Directors, as applicable, to accept initial subscriptions of a lesser amount. Investors may make additional subscriptions at such times as the General Partner or Investment Manager may determine in their sole discretion. The minimum additional subscription is \$500,000, subject to a determination by the General Partner or the Board

of Directors as applicable, in their sole discretion, to accept additional subscriptions of a lesser amount.

The Funds have the authority to, as applicable, issue additional interests or shares, create new classes, sub-classes, tranches, series, sub-series or lots of interests and enter into letter agreements or other similar agreements (collectively, “Side Letters”) with certain Investors that modify, alter or amend the terms related to those Investors or provide such Investors with additional and/or different terms than the terms described in the Offering Documents. Such differences may include, but are not limited to, differing offering terms, rights, privileges, portfolios, higher or lower fees, and different incentive allocation and management fee rates, denomination of currencies, informational rights and/or more or less frequent withdrawal rights associated with them. The Funds are not required to notify or receive consent from any or all of the other Investors regarding the Side Letters or any of the rights and/or terms or provisions thereof, nor will the Funds be required to offer such additional and/or different rights and/or terms to any or all of the other Investors.

## **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

### Methods of Analysis and Investment Strategies

As described in Item 4 above and explained more fully in each Fund’s Offering Documents, the Investment Manager’s investment objective is to achieve superior risk-adjusted total returns by primarily investing in and actively managing a long-short equity investment portfolio in the healthcare and healthcare-related industries. The Investment Manager aims to achieve this objective by using fundamental research analysis to primarily invest in and trade long and short positions in U.S. and global equities in these industries.

The Investment Manager employs a methodology for generating investment ideas that is based on bottom-up, fundamental analysis that is supported by a multi-year earnings outlook and is heavily focused on the healthcare and healthcare-related sub-sectors. The Investment Manager uses its understanding of specific industries, companies and management teams to identify investments (both long and short) which have asymmetric risk/reward characteristics. The Investment Manager expects to invest substantially all of the Funds’ assets in passive positions (*i.e.*, positions in which the Funds do not participate or seek to participate in management or control). The Investment Manager’s primary focus is on identifying equity securities that have material outperformance potential over a one to two year time horizon, but it may seek to take advantage of specific opportunities that have good short term trading potential. The Investment Manager has price targets on each investment and holds positions, and sizes positions or closes out of positions, whenever appropriate based on the value of the position relative to the price target. Operating results for each investment are typically analyzed on a quarterly basis in order to assess if the Investment Manager’s investment thesis is intact, to identify sizing opportunities and to manage risk.

The Investment Manager has a consistent and disciplined process with respect to its investment ideas. The investment professionals are engaged in a highly collaborative process, and in doing so challenge their investment theses to identify weaknesses. Significant independent, high quality

research and detailed models should enable the investment professionals to have insightful discussions with the management of the issuers in which the Investment Manager makes investments.

In evaluating investments and conducting its fundamental research process, the Investment Manager generally attempts to break-down the businesses into relevant key drivers, performs independent research on measureable operating results to supplement publicly available data, prepares financial models, interacts with company management, evaluates potential risks and the plan to manage those risks and identifies sizing opportunities to capture alpha and manage risks.

### Risk of Loss

The investment strategies the Investment Manager pursues are speculative and entail substantial risks. Investors in the Funds should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Investor in a Fund will be achieved.

Examples of such risks include, but are not limited to the risks set forth below. Such risk factors do not purport to be a complete enumeration or explanation of the risks involved in an investment in the Funds. Investors and prospective Investors should read the Fund's Offering Documents in their entirety for a more detailed discussion of the investment strategy and related risks.

### Flexible Investment Approach

While the Investment Manager focuses on long and short equity positions, investment strategies, approaches and techniques may evolve over time and the Investment Manager may trade in any type of security, issuer or group of related issuers, country, region and sector that it believes will help the Funds achieve the investment objective. The Investment Manager has broad latitude with respect to the management of the Funds' risk parameters. The Investment Manager may utilize such leverage, position size, duration and other portfolio management techniques as it believes are appropriate. Investors must recognize that in investing in the Funds, they are placing their capital indirectly under the full discretionary management of the Investment Manager and authorizing the Investment Manager indirectly to trade for the Funds using whatever strategies in such manner as the Investment Manager may determine. Any of these investment strategies, techniques, discretionary approaches and investment tactics may not be thoroughly tested before being employed and may have operational or other shortcomings that could result in unsuccessful investments and, ultimately, losses to the Funds. In addition, any new investment strategy, technique and tactic developed by the Funds may be more speculative than earlier investment strategies, techniques and tactics and may involve material and as-yet-unanticipated risks that could increase the risk of an investment in the Funds. Investors will not generally be informed of any changes in the Investment Manager's strategies, techniques, discretionary approach and tactics. There can be no assurance that the Investment Manager will be successful in applying its approach and there is material risk that an Investor may suffer significant impairment or total loss of its capital.

### Risk of Investing in the Healthcare Sector

Investing in securities and other instruments of healthcare companies involves substantial risks, including (but not limited to) the following: certain companies in the portfolio of the Funds may have limited operating histories; scarcity of management and marketing personnel with appropriate scientific or medical training may slow or impede companies' growth; the possibility of lawsuits related to patents or products; obsolescence of products; change in government policies; changing investor sentiments and preferences with regard to healthcare sector investments (some of which are generally perceived as risky) may have an adverse effect on the price of underlying securities; volatility in the stock markets affecting the prices of healthcare company securities may cause the performance of the Funds to experience substantial volatility; and many companies in the healthcare sector are subject to extensive government regulation. In addition, obtaining approval for new products from governmental agencies can be lengthy, expensive and uncertain.

### Focused Investment Risk

Securities, sectors or companies that share common characteristics are often subject to similar business risks and regulatory burdens, and often react similarly to specific economic, market, political or other developments. Since the Funds focus their investments in the healthcare and healthcare-related sectors, and such companies or industries may have high positive correlations to one another, they may be particularly vulnerable to events affecting such sectors and industries and the risk of loss could be greater than if the portfolio were invested in a more diversified manner among a greater variety of sectors.

### Use of Leverage

The investment program of the Funds includes a moderately high degree of leverage. Leverage may take the form of various financial instruments described herein, including derivative instruments and products with inherent leverage such as options, short sales, swaps and forwards.

The use of leverage allows the Funds to borrow in order to make additional investments, thereby increasing their exposure to assets, such that their total assets are greater than their capital. The use of leverage will magnify the volatility of changes in the value of the investments of the Funds. Accordingly, any event that adversely affects the value of an investment would be magnified to the extent the investment is leveraged. The cumulative effect of the use of leverage by the Funds in a market that moves adversely to their investments could result in substantial losses to the Funds, which would be greater than if the Funds were not leveraged. In addition, the amount of the Funds' borrowings and the interest rates on those borrowings, which will fluctuate, may have a significant effect on the Funds' profitability.

In general, the use of short-term margin borrowings with respect to portfolio securities results in certain additional risks to the Funds. For example, should the securities pledged to brokers to secure the Funds' margin accounts decline in value, the Funds could be subject to a "margin call," pursuant to which the Funds must either deposit additional funds or securities with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In



the event of a sudden drop in the value of the assets of the Funds, the Funds might not be able to liquidate assets quickly enough to satisfy its margin requirements. In such circumstances, the forced liquidation of all or a portion of the Funds' portfolio at distressed prices could result in significant losses to the Funds.

The financing used by the Funds to leverage the portfolio is extended by securities brokers and dealers in the marketplace in which the Funds invest. While the Funds attempt to negotiate the terms of these financing arrangements with such brokers and dealers, the ability to do so is limited. The Funds are therefore subject to changes in the value that the broker-dealer ascribes to a given security or position, the amount of margin required to support such security or position, the borrowing rate to finance such security or position and/or such broker-dealer's willingness to continue to provide any such credit to the Funds.

### Investments in Equity Securities

The Investment Manager invests primarily in equity securities and equity-related security derivatives. The value of these financial instruments generally will vary with the performance of the issuer and movements in the equity markets. As a result, the Funds may suffer losses if they invest in equity instruments of issuers whose performance diverges from the Investment Manager's expectations or if equity markets generally move in a single direction and the Funds have not hedged against such a general move. The market price of an equity investment may decline for a number of reasons that directly relate to the issuer, such as poor management performance or reduced demand for its goods or services. It also may decline due to factors which affect a particular industry, such as decline in demand, labor or raw material shortages or increased production costs. In addition, market prices may decline as a result of general market conditions not specifically related to a company or industry, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally.

Further, equity investments may be even more susceptible to such events than other types of investments the Funds may make, given their subordinate position in the issuer's capital structure. As such, equity investments generally have greater price volatility than fixed income and other investments with a scheduled stream of payments, and the market price of equity investments is more susceptible to moving up or down in a rapid or unpredictable manner.

Certain issuers of equity securities may be subject to different, often less comprehensive accounting, reporting and disclosure requirements, may be listed on less liquid and more volatile markets, and may be subject to high brokerage commissions and other fees.

### Short Sales Risk

The Funds' investment program includes short selling. Short selling involves selling securities which may or may not be owned by the seller and borrowing the same securities for delivery to the purchaser, with an obligation to return the borrowed securities to the lender at a later date. Short selling allows the seller to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities and may be an important

aspect of certain of the investment strategies of the Funds. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Funds of buying those securities to cover the short position. There can be no assurance that the securities necessary to cover a short position will be available for purchase at the time the Funds desires to close out such short position. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. In addition, the securities borrowed by the Funds to effect the short sale may be recalled by the lender of those securities at any time, thus forcing the Funds to purchase the securities to close out the short position at a loss.

In addition, limitations on the short selling of securities could interfere with the ability of the Funds to execute certain aspects of its investment program, including its ability to hedge certain exposures and execute transactions to implement its risk management guidelines, and any such limitations may adversely affect the performance of the Funds.

#### Non-U.S. Investments

Investments outside the United States or denominated in non-U.S. currencies pose currency exchange risks (including blockage, devaluation and non-exchangeability) as well as a range of other potential risks which could include, depending on the country involved, expropriation, confiscatory taxation, political or social instability, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding non-U.S. investments and non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies. Transaction costs of investing outside the U.S. are generally higher than in the U.S. There is generally less government supervision and regulation of exchanges, brokers and funds than there is in the U.S. Non-U.S. investments pose certain legal risks, including that laws and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary application or interpretation. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries and the Funds may encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in non-U.S. courts. Non-U.S. markets also have different clearance and settlement procedures which in some markets have at times failed to keep pace with the volume of transactions, thereby creating substantial delays and settlement failures that could adversely affect the Funds' performance. Greater tax risks and complexities also may be associated with these investments.

In addition, investment in emerging market securities involves a greater degree of risk than an investment in securities of issuers based in developed countries. Among other things, emerging market securities investments may carry the risks of less publicly available information, more volatile markets, less strict securities market regulation, less favorable tax provisions, a greater likelihood of severe inflation, unstable currency, war and expropriation of personal property. In addition, the Funds' investment opportunities in certain emerging markets may be restricted by legal limits on foreign investment in local securities. Emerging markets generally are not as efficient as those in developed countries. In some cases, a market for the security may not exist locally, and transactions will need to be made on a neighboring exchange. Volume and liquidity levels in emerging markets may be lower than in developed countries. When seeking to sell

emerging market securities, little or no market may exist for the securities. In addition, issuers based in emerging markets are not generally subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to issuers based in developed countries, thereby potentially increasing the risk of fraud or other deceptive practices. Furthermore, the quality and reliability of official data published by government or securities exchanges in emerging markets may not accurately reflect the actual circumstances being reported.

### Hedging Transactions

The Funds may utilize a variety of financial instruments such as shorts, derivatives, options, swaps and forward contracts, both for investment purposes and for risk management purposes in order to: (i) protect against possible changes in the market value of the Funds' investment portfolio resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect the Funds' unrealized gains in the value of the Funds' investment portfolio; (iii) facilitate the sale of any such investments; (iv) establish a position as a temporary substitute for other securities; (v) enhance or preserve returns, spreads or gains on any investment in the Funds' portfolio; (vi) hedge the interest rate or currency exchange rate on any of the Funds' liabilities or assets; (vii) protect against any increase in the price of any securities the Funds anticipate purchasing at a later date; or (viii) for any other reason that the Investment Manager deems appropriate.

Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio position should increase. Moreover, it may not be possible for the Funds to hedge against an exchange rate, interest rate or security price fluctuation that is so generally anticipated that the Funds are unable to enter into a hedging transaction at a price sufficient to protect its assets from the decline in value of the portfolio positions anticipated as a result of such fluctuations.

The Funds are not required to attempt to hedge portfolio positions and, for various reasons, may determine not to do so. Moreover, the Funds are not obligated to hedge against fluctuations in the value of the Funds' portfolio positions as a result of changes in market interest rates or any other developments. Furthermore, the Funds may not anticipate a particular risk so as to hedge against it. While the Funds may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Funds than if the Funds had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary. For a variety of reasons, the Funds may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Funds from achieving the intended hedge or expose the Funds to risk of loss. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Funds' portfolio holdings.

Moreover, it should be noted that a portfolio will always be exposed to certain risks that cannot be hedged.

#### Swap Contracts and Contracts for Differences

Swap contracts are typically individually negotiated and structured to provide exposure to a variety of different types of investments or market factors. Swaps can take many different forms and are known by a variety of names. The Funds are not limited to any particular form or variety of swap agreement if the Investment Manager determines it is consistent with the Funds' investment objective and policies. The Funds may enter into any type of swap contract. The Funds may enter into swaps for speculative or hedging purposes and therefore may increase or decrease the Funds' exposure to the underlying instrument, rate, asset or index. Notional amounts of swap transactions are not subject to any limitations, and swap contracts may expose the Funds to unlimited risk of loss. Swaps may be used as an alternative to options or futures contracts.

#### Forward Contracts

Forward contracts and options thereon, unlike futures contracts, are generally not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by the Funds due to unusually high trading volume, political intervention or other factors. The imposition of controls by government authorities might also limit such forward (and futures) trading to less than that which the Investment Manager would otherwise recommend, to the possible detriment of the Funds. Market illiquidity or disruption could result in major losses to the Funds.

#### Currency

The Funds may invest a portion of its assets in principal instruments denominated in currencies other than the U.S. dollar or the price of which is determined with reference to currencies other than the U.S. dollar. The Funds, however, value their securities and other assets in U.S. dollars. To the extent unhedged, the value of the Funds' assets and liabilities fluctuate with U.S. dollar exchange rates as well as the price changes of the Funds' investments in the various local markets and currencies. The Funds also may utilize options and forward contracts to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be effective.

#### Liquidity

Some of the investments that are made by the Funds may lack liquidity or be thinly traded. This could present a problem in realizing the prices quoted and in effectively trading the position(s). In

many situations, the Funds may invest in less liquid investments which could result in significant loss in value should the Funds be forced to sell the less liquid investments as a result of rapidly changing market conditions or as a result of margin calls or other factors. In certain circumstances, the Funds may also be contractually prohibited from disposing of investments for a specified period of time. Accordingly, the Funds may be forced to sell its more liquid positions at a disadvantageous time, resulting in a greater percentage of the portfolio consisting of less liquid investments.

The disposition of less liquid investments often requires more time and results in higher transaction costs than the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. The Funds may invest in securities that are subject to legal or other restrictions on transfer. The Funds may not be able to sell such securities when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale.

#### Broker or Dealer Insolvency

The Funds' assets may be held in one or more accounts maintained for the Funds by its prime brokers, custodians or counterparties (collectively, the "counterparties"), which may be located in various jurisdictions. Such counterparties are generally subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Funds' assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of their insolvency on the Funds and their assets. Investors should assume that the insolvency of any of the counterparties would result in a loss to the Funds, which could be material.

#### Portfolio Turnover Risk

The Funds have not placed any limit on the rate of portfolio turnover and portfolio securities may be sold without regard to the time they have been held when, in the opinion of the Investment Manager, investment considerations warrant such action (which may include taking and reversing a position within the same day). A high rate of portfolio turnover involves correspondingly greater expenses (such as brokerage commissions and transaction costs) than a lower rate, may act to reduce the Funds' investment profits, or create a loss for Investors and may result in additional taxes for Investors depending on the tax rules applicable to such Investors. The after-tax impact of portfolio turnover is not considered when making investment decisions for the Funds.

#### No Assurance of Investment Return

The Funds' task of identifying and evaluating investment opportunities, managing such investments and realizing an attractive return for investors is difficult. The activity of identifying,

completing and realizing an attractive investment opportunity is highly competitive and involves a high degree of uncertainty. The Funds compete for the acquisition of investments with many other investors. Such competitors may include other private investment funds, as well as individuals, financial institutions and other institutional investors. Additional funds with similar investment objectives may be formed in the future by other unrelated parties. In addition, the availability of investment opportunities generally will be subject to market conditions, as well as, in some cases, the prevailing regulatory or political climate. Therefore, identification of attractive investment opportunities is difficult and involves a high degree of uncertainty, and competition for such opportunities may become more intense.

There can be no assurance that there will be a sufficient number of suitable investment opportunities that the Investment Manager will be able to identify to enable the Funds to invest all of their capital in opportunities that satisfy the Funds' investment objectives or that such investment opportunities will lead to completed investments by the Funds. There is no assurance that the Funds will be able to generate returns for Investors. Investors in the Funds could experience losses on their investment.

### **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to a Client's or prospective Client's or an Investor's or potential Investor's evaluation of March Altus's advisory business or the integrity of March Altus's management.

### **Item 10: Other Financial Industry Activities and Affiliations**

Neither March Altus nor its management persons are registered or have an application pending to register as a broker-dealer or registered representative of a broker-dealer.

Neither March Altus nor its management persons are registered or have an application pending to register as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

March Altus serves as the investment manager to the Funds. As mentioned above, the General Partner to the Domestic Fund and Master Fund, is an affiliate of March Altus by common ownership and control. While the General Partner is not separately registered as an investment adviser, all of its activities are subject to the Investment Advisers Act of 1940, as amended (the "Advisers Act") and the rules thereunder. Likewise, the employees and persons acting on behalf of the General Partner are subject to the supervision of control of March Altus.

### **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

#### Code of Ethics and Personal Trading

We strive to observe the highest industry standards of conduct based on our obligation as a fiduciary to our clients. In an effort to meet this obligation, we have adopted a written Code of Ethics (the "Code") that is applicable to all employees. Each employee will be provided a copy, and is required to acknowledge, in writing, that they have received, read, understand and will

abide by, the Code, and our Compliance Manual, upon commencement of employment and upon any material change to the Code.

The Code requires that employees act in our client's best interests and comply with applicable laws and regulations. Employees are expected to avoid any action that is, or could even appear to be, legally or ethically improper. The principles outlined in the Code apply to all conduct, whether or not the conduct is also covered by more specific standards or procedures set forth in the Code, our Compliance Manual or elsewhere. Employees are required to bring any violations, actual or suspected, of the Code to the attention of March Altus's Chief Compliance Officer promptly. Failure to comply with the Code may result in disciplinary action or other sanctions including termination of employment.

The Code also places certain restrictions on the personal trading activities of our employees and their immediate family members. Employees may generally not engage in personal trading and may only dispose of securities held in their respective personal trading accounts prior to employment with March Altus, subject to pre-clearance by the Chief Compliance Officer. However, employees may purchase and sell open-end mutual funds, exchange traded funds ("ETFs"), and any other securities not specifically prohibited by the Code. Employees are required to disclose their personal securities holdings annually and personal securities transactions quarterly to the Chief Compliance Officer. Employees may also participate in limited offerings such as hedge funds, private equity funds, or other types of private offerings, subject to pre-clearance procedures.

March Altus, its employees or affiliates (collectively "Related Persons"), will generally have an investment in the Funds managed by us. As a result, Related Persons have an interest in an investment that may also be recommended to Clients and Investors.

A copy of our Code of Ethics shall be provided to any Investor or prospective Investor upon request.

## **Item 12: Brokerage Practices**

### **Best Execution**

The Funds' securities transactions can be expected to generate a substantial amount of brokerage commissions and other compensation, including clearing fees and charges, all of which the Funds, not March Altus, will be obligated to pay. March Altus has complete discretion in deciding what brokers and dealers the Funds use and in negotiating the rates of brokerage commissions and other compensation the Funds pay. The Funds buy and sell securities directly from or to dealers acting as principal at prices that include markups or markdowns, and may buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers.

Investment transactions for the Funds will be allocated to brokers and dealers on the basis of best execution and in consideration of relevant factors, including price quotes; the size of the transaction and ability to find liquidity; the broker-dealer's promptness of execution; confidentiality considerations; the nature of the market for the Financial Instrument; the timing of the transaction; difficulty of execution; the broker-dealer's expertise in the specific financial instrument or sector in which the Funds seek to trade; the extent to which the broker-dealer makes

a market in the financial instrument involved or has access to such markets; the broker-dealer's skill in positioning the financial instruments involved; the broker-dealer's financial stability; reputation for diligence, fairness and integrity; quality of service rendered by the broker-dealer in other transactions for March Altus; the quality and usefulness of research services and investment ideas presented by the broker-dealer or third parties; the broker-dealer's willingness to correct errors; the broker-dealer's ability to accommodate any special execution or order handling requirements that may surround the particular transaction; the broker-dealer's provision or payment of the costs of brokerage and research services that are of benefit to the Funds or March Altus; and other factors deemed appropriate by March Altus. March Altus need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread.

We regularly evaluate the execution performance of brokers executing transactions for the Funds.

#### Soft Dollar Benefits

The term "soft dollars" refers to the receipt by March Altus of goods and services provided by such brokers without any cash payment by March Altus, based on the volume of revenues generated from brokerage commissions for transactions executed for our Clients. Section 28(e) of the Securities Exchange Act of 1934 as amended provides a "safe harbor" to investment managers who use soft dollars generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the investment manager in the performance of investment decision making responsibilities. Such uses of soft dollars are not within the safe harbor afforded by Section 28(e) of the Exchange Act in the event March Altus elects to use soft dollars for payment of all or a portion of March Altus's non-research related services or products.

We expect to derive a substantial direct and indirect benefit from these goods and services, particularly to the extent soft dollars are used to pay expenses which we would otherwise be required to pay. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker), as well as items acquired by the broker from third parties (such as outside research or market data). Soft dollar benefits may include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities, market data services, news and research services, and other services and systems providing lawful and appropriate assistance to our investment professionals in the performance of their investment decision-making responsibilities on behalf of our Clients.

Where a product or service obtained with soft dollars provides both research and non-research assistance to March Altus (e.g., a "mixed use" item), March Altus will make a good faith allocation of the cost which may be paid for with soft dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of March Altus' allocation of the costs of such benefits and services between those that primarily benefit March Altus and those that primarily benefit the Funds.

Our authority to obtain research products and services, including soft dollar benefits, (collectively "benefits") may create an incentive for us to select one broker or dealer over another in a manner that places our interests in such benefits that we receive over the interests of our Clients. We



believe that the receipt of such benefits is beneficial to our Clients, selecting brokers for these benefits may, at times, result in higher transaction costs.

#### Prime Brokers

Morgan Stanley & Co. and Goldman, Sachs & Co. (each a “Prime Broker” and collectively the “Prime Brokers”) serve as prime brokers for the Master Fund and clear the Master Fund’s securities transactions which are effected through other brokerage firms. The Prime Brokers generally maintain the Master Fund’s securities and other assets and receive no separate fee for providing that service. We are not committed to continue these prime brokerage relationships for any minimum period, and may establish additional prime brokerage relationships at any time.

#### Brokerage for Client Referrals

When selecting brokers for execution, we do not consider whether we might receive client referrals from such brokers. As mentioned above, we have full authority to select brokers to effect transactions on behalf of the Funds. We do not allow any investors in the Funds to direct executions through a particular broker.

From time to time, the Prime Brokers may assist the Funds in raising additional capital from Investors, and representatives of March Altus may speak at conferences and programs sponsored by such brokers for Investors interested in investing in hedge funds. Through such “capital introduction” events, prospective investors in the Funds would have the opportunity to meet with March Altus. Additionally, prime brokers may provide certain consulting services to March Altus. Currently, neither March Altus nor the Funds compensate any broker for organizing such events, for any investments ultimately made by prospective investors attending such events or for any such consulting services, nor do they anticipate doing so in the future. While such events and other services provided by a prime broker may influence March Altus in deciding whether to use such broker in connection with brokerage, financing and other activities of the Funds, March Altus will not commit to allocate a particular amount of brokerage to a broker in any such situation.

#### Aggregated Trades

As discussed above, the Domestic Fund and Offshore Fund invest all of their investable capital in the Master Fund. Portfolio investments are traded and held on behalf of the Master Fund. As such, trade aggregation policies and procedures are not applicable at this time. If we provide advisory services for other accounts in the future, or trade securities on behalf of the Domestic Fund or Offshore Fund directly, we will adopt trade aggregation policies and procedures at such time.

#### Trade Errors

Trading errors might include, for example, the purchase or sale of a security in the wrong amount or key stroke errors that occur when entering trades into an electronic trading system. March Altus has established policies and procedures for the handling of trade errors and will correct errors as soon as practicable after discovery to mitigate any potential loss. Pursuant to the exculpation and indemnification provisions in the Offering Documents, the Funds will be responsible for any losses resulting from trading errors and similar human errors, absent willful misconduct, fraud or gross negligence of their duties. March Altus will determine in good faith whether or not a given trade error is required to be reimbursed pursuant to the standard of care stated in the preceding

sentence. In making this determination, March Altus will have a conflict of interest in determining whether a trade error should be attributed to the account of the Funds or March Altus and will attempt to resolve such conflict by an objective determination of the status of such trade error under the aforementioned standard. Generally, in determining whether March Altus was grossly negligent it will evaluate and consider the adequacy of the supervisory procedures in place to prevent such errors from recurring with any frequency.

### **Item 13: Review of Accounts**

The Funds' portfolios are reviewed on a continuous basis by our Chief Investment Officer and other investment professionals. These reviews are designed to monitor investment objectives and guidelines, positions, transactions, exposure, risk and other issues related to current portfolio holdings and potential investment opportunities. In addition, our operations and compliance personnel review the portfolio to monitor trading activity, cash activity, valuation, counterparty risk and regulatory and compliance issues.

Morgan Stanley Fund Services USA LLC, together with certain affiliates (collectively, "MSFS"), serves as the administrator of the Funds. MSFS provides administrative, accounting, registrar and transfer agency services to the Funds. MSFS reconciles the Funds' portfolio holdings and cash balances to the Funds' counterparties on a daily basis. MSFS also computes the monthly net asset value of the Funds, including calculation of the management fees and incentive allocation as discussed above. MSFS maintains the Investor registers and distributes capital statements to the Investors. March Altus operations and accounting personnel oversee and review the work of MSFS.

As detailed in the Funds' Offering Documents, March Altus provides each Investor with monthly unaudited statements setting forth the net asset value of each Investor's capital account, annual audited financial statements and, to Investors in the Domestic Fund, annual tax information. In addition, March Altus expects to send weekly and monthly performance estimates, monthly performance attribution and exposure reports and quarterly letters to Investors in the Funds.

March Altus employees are also available as needed to speak by phone or meet in person with existing or prospective Investors to discuss the above-referenced reports or other information pertaining to the Funds.

### **Item 14: Client Referrals and Other Compensation**

Other than as disclosed in Item 12 with respect to "soft dollar" arrangements, March Altus does not receive any economic benefits from non-clients in connection with the provision of investment advice to clients.

March Altus does not utilize third party placement agents or solicitors to introduce prospective investors to the Funds, though it may do so in the future. The fees and expenses of any third-party placement agents (if any) would be paid by March Altus.

### **Item 15: Custody**

All Client assets are held in custody by unaffiliated broker-dealers or banks. However, due to our access to Client funds and securities as General Partner or investment manager of our Clients' accounts and our authority to deduct fees and other expenses from our Clients' accounts, we are deemed to have custody of our Clients' funds and securities. We do not provide Investors with statements from the custodian. Instead, our Funds are subject to regular inspection by the Public Company Accounting Oversight Board and the Fund's financial statements will be audited on an annual basis in accordance with generally accepted accounting principles (GAAP) and distributed to each Investor within 120 days of the Funds' fiscal year end.

### **Item 16: Investment Discretion**

We maintain full investment discretion over all of our Clients' accounts. We have the authority to determine, without obtaining specific Client consent, the amount and price of securities bought and sold, the preferred broker-dealers through which they affect trades, and the commission rate charge for trades. Investors do not have the ability to impose limitations on the Investment Manager's discretionary authority. Before accepting subscriptions for interests, we provide all of our Investors with the Offering Documents describing our investment strategy and program and the terms of investment and all Investors must execute a subscription agreement in which they make various representations.

### **Item 17: Voting Client Securities**

Proxies are assets of our Clients that must be voted with diligence, care, and loyalty. March Altus votes each proxy in accordance with its fiduciary duty to our Clients. We generally seek to vote proxies in a way that maximizes the value of Clients' assets. Consideration is given to both the short and long term implications of the proposal to be voted on when considering the optimal vote.

We have currently not identified conflicts of interest between our Client interests and our own within our proxy voting process. Nevertheless, if we determine that we are facing a material conflict of interest in voting a Client's proxy, we have policies as outlined in our Compliance Manual to provide for a Proxy Voting Committee (the "Committee") to convene and to determine the appropriate vote. Proxies are voted according to the recommendations of a majority of the Committee's members.

Our complete proxy voting policy and procedures are memorialized in writing and are available for your review. In addition, our complete proxy voting record is only available to our Investors. Please contact us if you have any questions or if you would like to review either of these documents.

### **Item 18: Financial Information**

A balance sheet is not required to be provided as we (i) do not solicit fees more than six months in advance, (ii) do not have a financial condition that is likely to impair our ability to meet contractual commitments to Clients or (iii) have not been subject to any bankruptcy proceeding during the past 10 years.