

Item 1 Cover Page

Part 2A of Form ADV: Firm Brochure

AlphaParity, LLC

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This brochure provides information about the qualifications and business practices of AlphaParity, LLC (the “Company”). If you have any questions about the contents of this brochure, please contact us by phone at 646-572-4620 or by e:mail at emcgraw@alphaparity.com . 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 the Company also is available on the SEC’s website at www.adviserinfo.sec.gov.

The Company may refer to itself as a registered investment adviser with the SEC or indicate that it is registered as an investment adviser with the SEC. These references do not imply that the Company has a certain level of skill or training.

Item 2 Material Changes

Material Changes since the Last Update

The Part 2 of Form ADV consists of Part 2A (the "Brochure") and Part 2B (the "Brochure Supplement"). Each update of the Brochure must now include a summary of all material changes since the last annual update. This is the Company's first submission of Part 2 of Form ADV.

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Item 4 Advisory Business**Firm Description and Principal Owners**

AlphaParity, LLC was formed in 2012 to offer cutting edge alternative return solutions to institutional investors. Founder and Chief Investment Officer Steve Gross and Head of Quantitative Research, Joshua Smith, previously worked together at Tudor Investment Corporation. AlphaParity's seed investor is a multi-billion dollar global macro hedge fund manager who has made a long-term investment commitment to the AlphaParity All-Weather Fund. The Company is owned and controlled by AlphaParity Funding LLC (68%) and has three other members: FCMI Portfolio Management Inc. (15%), LilyPad Investors LP I (12%) and Joshua Smith (5%)

Types of Advisory Services

AlphaParity is an all-weather institutional investment firm that focuses on capturing and organizing fundamental building blocks of long-term return generation across asset classes in diversified, risk managed investment products.

The investment strategy of the Company's (i) fund clients is set forth in their respective offering documents and (ii) separately managed account clients will be based on the individual needs of such clients. Investors investing in the Company's fund clients cannot generally place investment restrictions on the Company. Such prospective investors may consider opening a separately managed account with the Company which may be tailored by each such client and where each such client may impose investment restrictions.

Wrap Fee Programs

The Company does not currently participate in wrap fee accounts.

Client Assets

As of November 30, 2013, the Company manages client assets of approximately \$31 million on a discretionary basis. The Company does not presently provide investment advisory services for any clients on a non-discretionary basis.

Item 5 Fees and Compensation**Description**

The Company is compensated for its advisory services generally by receiving management fees on assets under management and incentive compensation on net profits (see Item 6 below for a discussion of performance-based compensation). Management fees charged to investors investing in the Company's fund clients are generally 1% - 2% of the net asset value of each

investor's capital account or share value per annum. The Company reserves the right to negotiate all fees for all investors investing in fund clients or managed account/platform clients.

Fees Deducted

Management fees charged to investors investing in the Company's fund clients are deducted directly from the relevant fund client assets on a quarterly basis. Management fees charged to separately managed account clients will be invoiced to such clients in accordance with the terms of the managed account agreement then in place either on a monthly or quarterly basis as negotiated with each managed account client.

Other Fees Charged

Fund clients are charged all ordinary and necessary expenses of their operations, including, without limitation, brokerage commissions, research expenses, insurance premiums, legal and auditing expenses, accounting, administrative, consultant and other service provider expenses, expenses incurred with respect to furnishing shareholders with annual reports and other financial information and similar ongoing operational expenses. The administrators, the clearing and settlement agents, the investment manager and any affiliate retained by the investment manager will be reimbursed for all out-of-pocket expenses incurred on behalf of a fund client.

Managed account clients' ordinary expenses are negotiated on a case by case basis but generally include all costs and expenses of transferring the assets to the Account; all taxes and governmental fees and charges incurred by the account (including all withholding taxes); all trading related expenses relating to the investment of the assets of the account including without limitation, all brokerage commissions and other trading costs and fees, underwriting discounts, bank service fees, transfer taxes, sales loads, spreads and other similar charges; and all charges of U.S. Depositories and of any custodian and/or other service providers.

See Item 12 – Brokerage Practices for information relating to the Company's brokerage practices.

When Fees Are Payable

The Company generally charges management fees in advance. Management fees are pro-rated for partial periods. Clients (including investors in fund clients) who have paid management fees in advance receive a pro-rata rebate for the period for which any pre-paid management fees are outstanding.

Compensation for the Sale of Securities

The Company does not accept compensation for the sale of securities or other investment products. (See Item 12 – Brokerage Practices for information relating to soft dollars).

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

The Company either directly or through an affiliate (with respect to its domestic US partnership feeder fund clients) is entitled to receive performance-based compensation generally equal to 15-20% of net capital appreciation or net capital gains with respect to each investor in each fund. Performance-based compensation is received (if at all) in arrears and may be negotiated on a case by case basis.

The Company's (or its affiliate's) right to receive performance-based compensation may create an incentive for the Company to cause a client to make investments that are riskier or more speculative than would be the case if the Company (or its affiliate) did not receive such compensation.

The Company may have financial or other incentives to favor one client over another. Under normal conditions, the Company will allocate investment opportunities among each client on a fair and equitable basis, subject to applicable law and client guidelines. To the extent the Company does not charge performance-based compensation to one or more clients such clients should be aware that the Company has an incentive to favor other client accounts that are charged performance-based compensation as the Company (or its affiliate) in such an instance would receive compensation based on the returns of such performance compensation paying clients.

The Company also charges asset-based management fees as described in Item 5 above.

Item 7 Types of Clients**Description**

The Company may provide investment advisory services to limited partnerships, limited liability companies, banks, thrifts, pension and profit sharing plans, trusts, estates, charitable organizations, endowments, institutions and individuals. The Company serves as investment manager to one mini-master feeder structures and through separately managed accounts. In the mini-master feeder structure, the corresponding offshore feeder Cayman company invests all or substantially all of its assets in a separate corresponding Delaware limited partnership that serves as the master fund and whereby all trading takes place.

Sophistication and Minimum Investment Requirements

The Company requires US investors investing in the master and offshore feeder funds to meet certain suitability requirements including being an accredited investor (as defined in Regulation D of the Securities Act of 1933, as amended (the "Securities Act")) and a qualified purchaser (as defined in the Investment Company Act of 1940, as amended (the "Company Act")) and requires all investors to meet general sophistication requirements. All investors investing in the master and offshore feeder funds are required to invest a minimum amount of US\$1 million, which amount may be waived in the sole discretion of the Company, an affiliate of the Company that

serves as general partner to the master fund and/or the Board of Directors of the offshore feeder fund (as the case may be).

With respect to individually managed account clients, all such clients must be qualified clients (as defined in the Investment Advisers Act of 1940, as amended (the “Advisers Act”)) as well as meet certain sophistication requirements; minimum capital contributions are generally expected to be US\$ 25,000,000 but may be less in certain instances within the Company’s discretion.

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

Methods of Analysis and Investment Strategies

AlphaParity combines fundamental insights with quantitative research in a disciplined, rigorous process to create a portfolio that is robust across economic and market cycles. It seeks to capture three Alpha sources, Value, Carry, and Momentum, across asset classes, providing diversified exposure in liquid global equity indices, currencies, commodities, interest rates and related derivatives. These three factors across four asset classes create twelve core alpha sources that are the building blocks of the portfolio, which is beta neutral in each asset class across the portfolio. Portfolio construction and execution are fundamental to the AlphaParity strategy. AlphaParity utilizes volatility targeting and factor tilts and seeks to capture natural diversification through portfolio construction. It seeks to determine optimal individual position sizes using liquidity, realized and implied volatility, correlation analysis, and analyses of the portfolio’s systemic tail risks and potential hedges using stress tests. The strategy is diversified, with 75+ positions across liquid markets. The quantitative strategy represents 70%-90% of VAR while the remaining 10%-30% of VAR is in the Tail Opportunities Overlay. The tail overlay identifies and implements long tail trades across the AlphaParity investment universe. It is discretionary in nature and provides the fund with the ability to benefit from extreme events.

The strategies employed by the Company are speculative and involve a high degree of risk. There is no assurance that the strategies will be profitable and there exists a possibility that a client (or an investor in a fund client) could suffer a substantial or complete loss of their investment.

Risk Factors

Prospective investors should give careful consideration to the following risk factors in evaluating the merits and suitability of an investment. The following does not purport to be a comprehensive summary of all of the risks associated with an investment. Rather, the following are only certain risks to which the strategies are subject and that the Company wishes to encourage prospective investors to discuss in detail with their professional advisers.

Equity Securities

The Company will hold long and may hold short positions in common stocks, preferred stocks and convertible securities of U.S. and non-U.S. issuers. The Company also may invest in depositary receipts or shares relating to non-U.S. securities. Equity securities fluctuate in value, often based

on factors unrelated to the fundamental economic condition of the issuer of the securities, including general economic and market conditions, and these fluctuations can be pronounced. The Company may purchase securities in all available securities trading markets and may invest in equity securities without restriction as to market capitalization, such as those issued by smaller capitalization companies, including micro-cap companies.

Bonds and Other Fixed Income Securities

The Company may invest in bonds and other fixed income securities, both U.S. and non-U.S., and may take short positions in these securities. The Company may invest in these securities when they offer opportunities for capital appreciation (or capital depreciation in the case of short positions) and may also invest in these securities for temporary defensive purposes and to maintain liquidity. Fixed income securities include, among other securities: bonds, notes and debentures issued by U.S. and non-U.S. corporations; U.S. Government securities or debt securities issued or guaranteed by a non-U.S. government; municipal securities; and mortgage backed and asset backed securities. These securities may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility resulting from, among other things, interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk).

The Company may invest in both investment grade debt securities and non-investment grade debt securities (commonly referred to as junk bonds). Non-investment grade debt securities may involve a substantial risk of default or may be in default. Adverse changes in economic conditions or developments regarding the individual issuer are more likely to cause price volatility and weaken the capacity of the issuers of non-investment grade debt securities to make principal and interest payments than issuers of higher grade debt securities. An economic downturn affecting an issuer of non-investment grade debt securities may result in an increased incidence of default. In addition, the market for lower grade debt securities may be less liquid and less active than for higher grade debt securities.

High Yield Securities

The Company may invest in "high yield" bonds and preferred securities, which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower rating categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those for higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.

Derivative Instruments

The Company may trade derivatives, which include options, swaps, structured securities and other instruments and contracts that are derived from or the value of which is related to one or more underlying securities, financial benchmarks, currencies or indices. The risks posed by derivatives include (1) credit risks (the exposure to the possibility of loss resulting from a counterparty's failure to meet its financial obligations); (2) market risks (adverse movements in the price of a financial asset or commodity); (3) legal risks (an action by a court or by a regulatory or legislative body that could invalidate a financial contract); (4) operations risks (inadequate controls, deficient procedures, human error, system failure or fraud); (5) documentation risks (exposure to losses resulting from inadequate documentation); (6) liquidity risks (exposure to losses created by the inability to prematurely terminate a derivative); (7) systemic risks (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); (8) concentration risks (exposure to losses from concentration of closely-related risks such as exposure to a particular industry or exposure linked to a particular entity); and (9) settlement risks (the risk that the Company faces when it has performed its obligations under a contract but has not yet received value from its counterparty).

Further Risks of Trading in Options

In seeking to enhance performance or hedge capital, the Company may purchase and sell call and put options on various asset classes. An option gives the purchaser the right, but not the obligation, upon exercise of the option, either (i) to buy or sell a specific amount of the underlying security at a specific price (the "strike" price or "exercise" price), or (ii) in the case of a stock index option, to receive a specified cash settlement. To purchase an option, the purchaser must pay a "premium," which consists of a single, non-refundable payment. Unless the price of the securities underlying the option changes and it becomes profitable to exercise or offset the option before it expires, the Company may lose the entire amount of the premium.

Both the purchasing and the selling of call and put options contain risks. Although an option buyer's risk is limited to the amount of the purchase price of the option, an investment in an option may be subject to greater fluctuation than an investment in the underlying securities. In theory, the exposure to loss is potentially unlimited in the case of an uncovered call writer (i.e. a call writer who does not have and maintain during the term of the call an equivalent long position in the stock or other security underlying the call), but in practice the loss is limited by the term of existence of the call. The risk for a writer of an uncovered put option (i.e., a put option written by a writer that does not have and maintain an offsetting short position in the underlying stock or other security) is that the price of the underlying security may fall below the exercise price.

Futures

The Investment Manager will engage in futures transactions, for speculative, hedging and other purposes. Futures contracts are usually made on a futures exchange which call for the future delivery of a specified "commodity" at a specified time and place. These contractual obligations,

depending on whether one is a buyer or a seller, may be satisfied either by taking or making physical delivery of the "commodity" or by making an offsetting sale or purchase of an equivalent futures contract on the same exchange prior to the end of trading in the contract month. Futures prices are highly volatile. Financial instrument and foreign currency futures prices are influenced by, among other things, interest rates, changes in balances of payments and trade, domestic and international rates of inflation, international trade restrictions and currency devaluations and revaluations. The Company's profitability will depend on the Investment Manager's ability to analyze price movements in those markets. Because low margin deposits are normally required, an extremely high degree of leverage is obtainable in futures trading. A relatively small price movement in a futures contract, consequently, may result in large losses. Thus, like other highly leveraged investments, any purchase or sale of a futures contract may result in losses which exceed the amount invested.

Most U.S. futures exchanges limit fluctuations during a single day in futures contract prices by regulations referred to as "daily price fluctuation limits" or "daily limits." During a single trading day, no trade may be executed at prices beyond the daily limits, and positions in a particular contract can neither be taken nor liquidated at a price beyond the applicable limit. Futures prices in various commodities have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Investment Manager from promptly liquidating unfavorable positions and subject the Company to substantial losses, which could exceed the margin initially committed to such trades. In addition, even if futures prices have not moved the daily limit, the Investment Manager may not be able to execute futures trades at favorable prices if little trading in the contracts is taking place. It is also possible that an exchange or regulatory authority may suspend trading in a particular contract or order that trading in a contract be conducted for liquidation of open positions only.

Repurchase Agreements and Reverse Repurchase Agreements

The Company may enter into repurchase and reverse repurchase agreements. Repurchase agreements entail the purchase of a security from a bank or broker-dealer that agrees to repurchase the security at the Company's cost plus interest within a specified time. If the party agreeing to repurchase should default, as a result of bankruptcy or otherwise, the Company may seek to sell the securities which it holds, which action could involve costs or delays in addition to a loss on the securities if their value should fall below their repurchase price. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, the Company's ability to dispose of the underlying securities may be restricted.

Similarly, the entering into of reverse repurchase agreements involves certain risks. A reverse repurchase agreement involves the sale of a security by the Company and its agreement to repurchase the security at a specified time and price. Under a reverse repurchase agreement, the Company continues to receive any principal and interest payments on the underlying security during the term of the agreement. The Company may also leverage its assets by entering into reverse repurchase agreements whereby it effectively borrows funds on a secured basis by "selling" its interests in investments to a financial institution for cash and agreeing to "repurchase" such investment at a specified future date for the sales price paid plus interest at a negotiated rate. In the event of a sudden, precipitous drop in value of any such assets occasioned by a sudden market decline, the Company might not be able to liquidate assets quickly enough to

meet its margin or borrowing obligations. Also, because acquiring and maintaining positions on margin allows the Company to control positions worth significantly more than its investment in those positions, the amount that the Company stands to lose in the event of adverse price movements is high in relation to the amount of its investment. In addition, since margin interest will be an expense of the Company and margin interest rates tend to fluctuate with other interest rates, generally, the Company is at risk that interest rates, generally, and hence, margin interest rates, will increase, thereby increasing its expenses.

Ability to Acquire Assets at Favorable Spreads; Competition and Supply

The Company's potential for current income and capital appreciation depends, in part, on the Investment Manager's ability to acquire investments for the Company on advantageous terms. Increased competition for, or a reduction in the available supply of, qualifying investments could result in higher prices for, and thus lower yields on, such investments, which could further narrow the yield spread over borrowing costs.

Short Selling

The Company's hedging transactions, and investment transactions, may take the form of short sales. Short selling involves selling securities the Company does not own, obtained by borrowing those from a third party, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in market prices to the extent such declines exceed the transaction costs and the costs of borrowing the securities. A short sale creates the risk of an unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost 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. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Forward Trading

The Company may invest in forward currency contracts and non-deliverable forward currency contracts. A forward currency contract is an agreement to buy or sell a specific currency at a future date at a price set at the time of the contract. Non-deliverable forward currency contracts are contracts where there is no physical settlement of two currencies at maturity. Rather, based on the movement of the currencies, a net cash settlement will be made by one party to the other. A currency swap is an agreement between two parties to exchange one currency for another at a future rate. The combination of U.S. money market securities with forward currency contracts is designed to create a position economically similar to a money market security denominated in the specified non-U.S. currency.

Forward contracts and options thereon, unlike futures contracts, are 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. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. 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 due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental 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 Company. Neither the CFTC nor banking authorities regulate forward currency trading through banks. In respect of such trading, the Company would be subject to the risk of counterparty failure or the inability or refusal by a counterparty to perform with respect to such contracts. Market illiquidity or disruption could result in substantial losses to the Company.

Currency Trading

Currency trading is volatile, highly leveraged and may be illiquid. Currency spot, forward and option prices are highly volatile. Such prices are influenced by, among other things: changing supply and demand relationships; government trade, fiscal, monetary and exchange control programs and policies; national and international political and economic events; and changes in interest rates. In addition, governments, from time to time, intervene directly and by regulation in these markets with specific intention of influencing such prices.

Furthermore, as an added risk in these volatile and highly leveraged markets, it is not always possible to liquidate positions to prevent further losses or recognize unrealized gains. Principals in the inter-bank currency markets have no obligation to continue to make markets in the currencies traded. There have been periods during which certain banks and dealers have refused to quote prices for currencies or have quoted prices with an unusually wide spread between the price at which they are prepared to buy and that at which they are prepared to sell. The inability to liquidate currency positions creates the possibility of the Company being unable to control its losses.

Highly Volatile Markets

The prices of commodities contracts and derivative instruments, including futures and option prices, can be highly volatile. Price movements of forward, futures and other derivative contracts in which the assets of the Company may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies, securities, futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

Liquidity; Dependence on Market Conditions

The Company invests in various derivative securities. The Company may also invest in securities that are subject to legal or other restrictions on transfer or for which no liquid market

exists. The market prices for these derivative securities tend to be volatile and the Company may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale.

Valuations for such financial instruments (for the purpose of calculating Net Asset Value of the Company, for example) may also be difficult to obtain or unreliable. (See “RISK FACTORS - Valuation.”) The sale of restricted and illiquid 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.

Additionally, because the markets for certain derivative instruments are relatively new and still developing, suitable derivatives transactions may not be available in all circumstances. The Investment Manager may wish to assign the Company’s position in the derivative instrument or otherwise realize any gain on a derivative by entering into a “back-to-back” contract, but may be unable to do so if the counterparty to the original contract is unwilling to assign or terminate the derivative, or if no other suitable counterparty can be found. In such cases, the Company may not be able to promptly liquidate its investments to meet investor redemptions.

Valuation

In the event a valuation of financial instruments held by the Company is not readily available from any financial institution or pricing service, such financial instrument will be assigned a value by the Investment Manager in good faith. Prospective investors should be aware that situations involving uncertainties as to the valuation of any of the Company’s financial instruments could have an adverse effect on the Company’s net assets if the judgments of the Investment Manager regarding appropriate valuations should prove incorrect.

Leverage Risk

The Company may increase the size of its investment portfolio by executing any portion of the strategy using derivatives that require little or no initial margin. The Company may also borrow a portion (which may vary depending upon the mix of the assets in the Company’s portfolio and the application of the Company’s policies with respect to the mix of assets) of the market value of its assets and modify such leverage as opportunities emerge. If the returns on the assets purchased with borrowed funds fail to cover the cost of the borrowings, the Company will experience net interest losses and may experience net losses. In addition, through decreases in the market value of the Company’s assets, increases in interest rate volatility, availability of financing in the market, circumstances then applicable in the lending market and other factors, the Company may not be able to achieve the degree of leverage it believes to be optimal, which may cause the Company to be less profitable than it might be otherwise.

The Investment Manager will have responsibility for controlling the leverage applicable to the Company’s assets allocated to them. The initial leveraging of such trading may be, and any subsequent “up-” or “de-leveraging” will be based on difficult and subjective evaluations of

market conditions, trading performance and risk exposure. If the Investment Manager de-leverages to an excessive degree, upside potential will be compromised and the likelihood of achieving performance objectives may be diminished or eliminated. If, on the other hand, the Investment Manager does not sufficiently de-leverage when necessary, the possibility of the Company being required to terminate trading altogether will be increased.

Risk of Decline in Market Value of Assets; Margin Calls

A decline in the market value of the Company's portfolio of assets may limit the Investment Manager's ability to borrow, or may result in lenders initiating margin calls (*i.e.*, requiring a pledge of cash or additional assets to re-establish the ratio of the amount of the borrowing to the value of the collateral). The Investment Manager could be required to sell assets under adverse market conditions in order to satisfy the requirements of the lenders. If these sales were made at prices lower than the amortized cost of the assets, the Company would experience losses. A default by the Company under its collateralized borrowings could also result in a liquidation of the collateral by the lender, including any cross-collateralized assets, and a resulting loss of the difference between the value of the collateral and the amount borrowed. Additionally, in the event of a bankruptcy of the Company, certain reverse repurchase agreements may qualify for special treatment under Title 11 of the United States Code, as amended (the "Bankruptcy Code"), the effect of which is, among other things, to allow the creditors under such agreements to avoid the automatic stay provisions of the Bankruptcy Code and to liquidate the collateral under such agreements without delay. Conversely, in the event of the bankruptcy of a party with whom the Company had a reverse repurchase agreement, the Company might experience difficulty recovering the collateral subject to such agreement if the agreement were to be repudiated and the Company's claim against the bankrupt lender for damages resulting therefrom were to be treated simply as one of an unsecured creditor. Should this occur, the Company's claims would be subject to significant delay, and recoveries, if and when received, may be substantially less than the damages actually suffered by the Company. Although the Company intends to enter into reverse repurchase agreements with several different parties and will develop policies to seek to diversify its exposure to such risks, no assurance can be given that the Company will be able to avoid such third-party risks.

Hedging Risks

Developing an effective asset/liability management strategy is complex and no strategy can completely insulate the Company from risks associated with interest rate changes and prepayments. In addition, there can be no assurance that the Company's hedging activities will have the desired beneficial impact on the Company's results of operations or financial condition. Hedging typically involves costs, including transaction costs, that increase dramatically as the period covered by the hedge increases and that also increase during periods of rising and volatile interest rates. The Investment Manager may increase its hedging activity, and thus increase its hedging costs, during such periods when interest rates are volatile and hedging costs have increased.

In the event that the Company purchases interest rate agreements to hedge and the provider of the interest rate agreements becomes financially unsound or insolvent, the Company may be

forced to unwind its interest rate agreements with such provider and may take a loss on such interest rate agreements. Although the Company intends to purchase interest rate agreements only from financially sound institutions and to monitor the financial strength of such institutions on a periodic basis, no assurance can be given that the Investment Manager can avoid such third party risks.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment with the Company. To the extent that prospective investors would benefit from an independent review, such benefit is not available through counsel or through the Company or any of its affiliates. Prospective clients are encouraged to seek the advice of independent legal counsel in evaluating the risks of investing. In addition, as the Company's investment program develops and changes over time, an investment may be subject to additional and different risks.

Item 9 Disciplinary Information

There are no legal or disciplinary, criminal or civil actions, administrative proceedings or self-regulatory proceedings that have been initiated against the Company or any of the Company's management persons¹ currently or at least ten years prior to the date set forth hereof.

Item 10 Other Financial Industry Activities and Affiliations

Broker-Dealer or Registered Representative

Neither the Company nor any of the Company's management persons¹ are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Advisor or Associated Person

The Company is a registered commodity trading advisor ("CTA") and Commodity Pool Operator ("CPO") with the National Futures Association. AlphaParity Advisors LLC (the "General Partner"), an affiliate of Company and the general partner of the Company's onshore feeder funds, is a registered commodity pool operator ("CPO").

Material Relationships

The Company serves as a CTA to its master and offshore feeder fund clients.

The General Partner, a related person of the Company, serves as a CPO to the Company's master fund clients.

¹ Management persons: anyone with the power to exercise, directly or indirectly, a controlling influence over the firm's management or policies, or to determine the general investment advice given to the clients of the firm.

The General Partner serves as the Company's master fund's general partner. This relationship creates an incentive for the Company to make investments that are riskier or more speculative than would be the case if the General Partner (an affiliate of the Company) did not receive incentive compensation from the onshore feeder funds for serving as the general partner thereof.

Recommend or Select Other Investment Advisers

The Company does not recommend or select other investment advisers for the Company's clients.

Item 11 Code of Ethics, Participation or interest in Client Transactions and Personal Trading

Summary of Code of Ethics

The Company has adopted a Code of Ethics pursuant to Rule 204A-1 of the Advisers Act to prevent violations of federal securities laws. The Company expects all employees to act with honesty, integrity and professionalism and to adhere to federal securities laws. All officers, directors, partners and employees of the Company and any other person who provides advice on behalf of the Company and is subject to the Company's control and supervision (collectively referred to as "Supervised Persons") are required to adhere to the Code of Ethics.

The terms "employee" and "personnel" used throughout this document refer to and apply to all officers, partners, managing members and employees of the Company.

I. Standards of Business Conduct

A. General

Pursuant to Section 206 of the Advisers Act, it is unlawful for the Company and/or its employees:

- to employ any device, scheme, or artifice to defraud a client or prospective client;
- to engage in any transaction, practice, or course of business which defrauds or deceives a client or prospective client;
- knowingly to sell any security to or purchase any security from a client when acting as principal for his or her own account, or knowingly to effect a purchase or sale of a security for a client's account when also acting as broker for the person on the other side of the transaction, without disclosing to the client in writing before the completion of the transaction the capacity in which the adviser is acting and obtaining the client's consent to the transaction; and
- to engage in fraudulent, deceptive or manipulative practices.

B. Duties Toward the Company

Supervised Persons must give prior notice of, and under certain circumstances receive approval for, any outside activity in which they wish to engage. This includes outside business interests, private securities transactions, and maintenance of personal brokerage accounts.

C. Grants and Gifts

As a general rule, Supervised Persons are prohibited from accepting any gift. However, gifts of strictly nominal value are allowed. This includes normal and customary business entertainment (e.g., business meals and entertainment where the person providing the entertainment is present) that is not “lavish,” the cost of which would be paid for by the Company as a reasonable expense if not paid by the client.

II. Prevention of Insider Trading

Company has adopted policies designed to prevent insider trading that is more fully described in the Code of Ethics. The Company’s policy on insider trading applies to securities trading and information handling by all Supervised Persons of the Company (including spouses, minor children and adult members of their households and any other relative of a Company Supervised Person on whose behalf the Company Supervised Person is acting) for their own account or the account of any client of the Company.

The Company takes its obligation to detect and prevent insider trading with the utmost seriousness. The Company may impose penalties for breaches of the policies and procedures contained in this manual, even in the absence of any indication of insider trading. Depending on the nature of the breach, penalties may include a letter of censure, profit “give ups”, fines, referrals to regulatory and self-regulatory bodies and dismissal.

III. Personal Securities Transactions

A. Periodic Reports

As more fully described in the Company’s Code of Ethics, “Access Persons” and/or and employees are required to submit monthly brokerage statements detailing their personal securities holdings to the Chief Compliance Officer (“CCO”)

B. Initial Public Offerings and Limited Public Offerings

Access Persons and employees must obtain prior written approval from the Compliance Officer before investing in initial public offerings (“IPOs”) or limited offerings (i.e., private placements).

In the event the CCO wishes to purchase IPOs or the securities of a private placement for his/her own employee account, the CCO must obtain prior written approval from the Managing Member.

C. Review of Personal Securities Reports

The CCO (or its designee) is responsible for reviewing the employees' monthly brokerage statements as part of the Company's duty to maintain and enforce its Code of Ethics.

In instances when the CCO has engaged in personal securities transaction, the Managing Member shall review the CCO's monthly brokerage statements.

IV. Outside Business Activities and Private Investments of Employees

All employees are required to devote their full time and efforts to the Company's business. As such, no person may make use of either his or her position as an employee or information acquired during employment, or make personal investments in a manner that may create a conflict, or the appearance of a conflict, between the employee's personal interests and the Company's interests. Accordingly, every employee is required to complete a disclosure form and have the form approved by the Company's CCO prior to serving in any of the capacities or making any of the investments more fully described in the Company's Code of Ethics.

V. Reporting Violations

All Supervised Persons (any officer, director, partner and employee of the Company) are required to report actual or known violations or suspected violations of the Company's Code of Ethics promptly to the CCO or the CCO's designee.

Any report of a violation or suspected violation of the Code of Ethics will be treated as confidential to the extent permitted by law. Any report of a violation or suspected violation may be submitted anonymously.

As part of the Company's obligations to conduct an annual review of all of its policies and procedures pursuant to Rule 206(4)-7 of the Advisers Act, the CCO shall review on an annual basis the adequacy of the Code of Ethics and the effectiveness of its implementation.

VI. Recordkeeping

The Company maintains the following:

- Copies of the Code of Ethics;
- Records of violations of the Code of Ethics and actions taken as a result of the violations;
- Copies of the Company's supervised persons' written acknowledgement of receipt of the Code of Ethics.
- Records of the Access Persons' and employees' personal trading – Initial Holdings Reports Annual Holdings Reports, and monthly brokerage statements, including any information provided under Rule 204A-1(b)(3)(iii) in lieu of such reports, i.e., brokerage confirmations and transaction reports;
- A record of the names of the Company's "Access Persons";
- Records of decisions, and the reasons supporting the decision to approve an Access Person's, and/or employee's acquisition of securities in initial public offerings or limited offerings; and

- Records of decisions, and the reasons supporting the decision to approve the CCO's acquisition of securities in initial public offerings or limited offerings.

VII. Acknowledgement of the Code of Ethics

Each employee will execute a written statement certifying that the employee has (i) received a copy of the Company's Code of Ethics; (ii) read and understands the importance of strict adherence to such policies and procedures; and (iii) agreed to comply with the Code of Ethics.

VIII. Training and Education

All Supervised Persons, i.e., all employees, are to receive training on complying with the Code of Ethics on an annual basis as part of the Company's annual employee compliance review meeting to ensure that all employees fully understand their duties and obligations and how to comply with the Policy's procedures.

IX. Copies of the Company's Code of Ethics

A copy of the Company's Code of Ethics is available upon request to any existing client or prospective client (including any existing or prospective investor in a fund client). For a copy, please contact the CCO.

Participation or Interest in Client Transactions and Personal Trading

The Company and its related persons may personally invest in "reportable securities" as defined in Rule 204A-1(e)(10) of the Advisers Act. In particular, a related person may from time to time have an interest, direct or indirect, in a security, the purchase or sale of which is recommended, or which in fact is purchased or sold by or otherwise traded for a client. Accordingly, the Company may sell or recommend the sale of a particular security for certain accounts, including accounts in which they have an interest, and they or others may buy or recommend the purchase of such security for other accounts, including accounts in which they have an interest. To the extent a related person invests in a security that is held by or recommended to a client, a conflict of interest arises as the reason for making such recommendation to a client could be to benefit the related person (i.e. by increasing the value of the security) rather than it being in the best interest of the client. Policies and procedures are in place to ensure that clients' interests are not disadvantaged by a trade made by a related person and that a related person does not benefit personally from trades undertaken for clients. In particular, the Company's related persons must disclose the reportable securities in which they have a direct or indirect beneficial ownership and must submit periodic reports that show all trades and holdings of accounts in which the related person has a beneficial interest. These reports are periodically reviewed by the CCO.

Item 12 Brokerage Practices

The Company is responsible for managing client assets and is responsible for the day-to-day investment of client capital. It has discretionary authority to determine, without the clients'

consent: (1) securities to be bought or sold; (2) amount of securities bought or sold; (3) broker or dealer to be used; and (4) commission rates paid, within the guidelines established.

Portfolio transactions are allocated to brokers by the Company. The Company may utilize various brokers to execute, settle and clear transactions. In selecting brokers to effect portfolio transactions, the Company considers such factors as price, the ability of the brokers to effect the transactions, the brokers' facilities, reliability and financial responsibility, and any research or investment management-related services and equipment provided by such brokers. Accordingly, if the Company determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and research or investment management-related services and equipment provided by such broker, the Company may pay commissions to such broker in an amount greater than the amount another broker might charge.

Research or investment-management-related services and equipment provided by brokers through which portfolio transactions are executed, settled and cleared may include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities, on-line quotations, news and research services, and other services (e.g., computer and telecommunications equipment) providing lawful and appropriate assistance to the Company in the performance of its investment decision-making responsibilities on behalf of the funds/accounts (collectively, "soft dollar items").

Soft dollar items may be provided directly by brokers, by third parties at the direction of brokers or purchased by the Company with credits or rebates provided by brokers. Soft dollar items may arise from over-the-counter principal transactions, as well as exchange-traded agency transactions. Brokers sometimes suggest a level of business that they would like to receive in return for the various services that they provide. Actual brokerage business received by any broker may be less than the suggested allocations, but can (and often does) exceed the suggestions because total brokerage is allocated on the basis of all the considerations described above. A broker will not be excluded from executing transactions because it has not been identified as providing soft dollar items.

Section 28(e) of the United States Securities Exchange Act of 1934, as amended (the "1934 Act"), permits the use of soft dollar items in certain circumstances, provided that the Company does not pay a rate of commissions in excess of what is competitively available from comparable brokerage firms for comparable services, taking into account various factors, including commission rates, financial responsibility and strength and ability of the broker to efficiently execute transactions. Non-research products acquired through the use of "soft dollars," and "soft dollars" which are not generated through agency transactions in securities, are outside the parameters of Section 28(e)'s "safe harbor," as are transactions effected in futures, currencies or certain derivatives.

Soft dollar items within the Section 28(e) "safe harbor," whether provided directly or indirectly, as well as soft dollar items that fall outside of the Section 28(e) "safe harbor" (if any), may be utilized for the benefit of the Company and its affiliates' other accounts. The Company expects to use soft dollars to acquire soft dollar items that the Company or its affiliates would otherwise be obligated to provide to, or acquire at their own expense for, client assets under management.

Nonetheless, the Company believes that such soft dollar items may provide clients with benefits by supplementing the research and services otherwise available to the Company.

Additionally, the Company may enter into directed brokerage arrangements in its discretion.

At the current time and during the last fiscal year the Company does not and did not avail itself of the use of soft dollars; however, it should be noted that if the Company uses client brokerage commissions to obtain research or other products or services, the Company will receive a benefit because it will not have to produce or pay for the research, product or services (as the case may be). The Company would seek to use soft dollar benefits to service those client accounts that would benefit from the research or other products or services received for the soft dollars and the Company would seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

The Company may have an incentive to select or recommend a broker-dealer based on the Company's interest in receiving the research or other products or services, rather than on the Company's clients' interest in receiving most favorable execution.

In addition to the factors described above, the Company may consider a broker's referrals of investors to the Company or the potential for future referrals. As with client commission payments for brokerage and research services and/or products, in some cases the transaction compensation paid might be higher than that obtainable from another broker-dealer who did not provide (or undertake to provide) referrals, although the Company will seek to avoid such a result and will seek "best execution." Awarding transaction business to brokers in recognition of past or future referrals may involve an incentive for the Company to cause clients to effect more transactions than it might otherwise do in order to stimulate more referrals. The Company did not direct client transactions to a particular broker-dealer in return for client referrals during its last fiscal year.

During the last fiscal year neither the Company nor its related persons acquired products or services with client brokerage commissions (mark ups or mark downs).

The Company does not recommend, request or require that a client direct the Company to execute transactions through a specified broker-dealer.

For transactions that are suitable for more than one client account, the Company seeks to allocate purchase and sale opportunities on a fair and consistent basis. However, the Company may determine that a given client account may not receive an allocation of a purchase and/or sale opportunity even if such opportunity is suitable for such client account for a variety of reasons, including, without limitation, the determination that the amount of an opportunity that would otherwise be allocated to such client account would not result in a meaningful impact on the performance of such client account.

In instances where transactions are suitable for more than one client account the Company may aggregate/combine the orders of more than one client for the purchase or sale of the same security. The Company may aggregate transactions if it believes i) such aggregation is

consistent with its duty to seek best execution (which shall include best price) for its clients and is consistent with the terms of the client account and ii) that aggregation of transactions would reduce the costs of execution and enable the Company to obtain more competitive order completion to the clients' benefit. No client account will be favored over any other account and each account that participates in the aggregated orders will participate at the average price acquired for all transactions of the Company on a given business day. The Company will make allocations on a pro-rata basis or otherwise. With respect to the latter, aggregated orders may be allocated among participating accounts other than pro-rata if a given security meets additional investment criteria with respect to a participating or for other reasons including, without limitation, tax consequences with respect to a given account or liquidity concerns (e.g. anticipated inflows and/or outflows of capital with respect to a given account). Notwithstanding the foregoing, the order may be allocated on a basis different from that specified herein if the participating accounts whose orders are allocated receive fair and equitable treatment and the reason for such different allocation is explained in writing.

Item 13 Review of Accounts

Client accounts are reviewed on a daily basis to determine whether they are managed in accordance with the investment guidelines (i.e. portfolio composition, products and risk limits) delineated in the client account agreements or offering documents (as the case may be). The reviews are conducted by the CIO and Head of Business Development and Operations with the support of operational personnel.

Investors in funds established by the Company receive monthly net asset value (NAV) statements, monthly reports containing performance metrics, monthly market commentary and access (upon request) to the portfolio. Monthly NAV statements are provided by an independent administrator. All other information is prepared and distributed by the Company.

The market commentary provided to investors in the funds established by the Company discusses the performance of the account and primary attributes of performance.

On an annual basis, investors in the funds established by the Company receive audited financial statements within 120 days of the investment fund's fiscal year end. Reporting requirements for managed accounts are negotiated and vary per client.

Item 14 Client Referrals and Other Compensation

Company has entered into one, third party marketing arrangements consistent with Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended, and may, at its sole discretion, appoint placement agents ("Placement Agents") with respect to the sale of interests or shares in the onshore and offshore feeder funds, respectively. In such case, the Company will enter into placement agent agreements ("Placement Agent Agreements") with such Placement Agents. Placement Agent Agreements typically provide that in return for introducing a particular investor, the introducing Placement Agents are compensated, at no additional cost to the investment fund or other investors, by receiving a portion of any management fees and/or

incentive compensation otherwise payable to the Company (or the General Partner, an affiliate of the Company).

Item 15 Custody

The Company has custody of its offshore feeder and master fund clients' funds and securities by virtue of the fact that Steve Gross, the Founder and CIO of the Company, serves as a director to the offshore feeder. The Company is deemed indirectly to have custody over the assets of its master fund clients as the General Partner, an affiliate of the Company, serves as the general partner of the master fund. Investors in the funds receive audited financial statements prepared in accordance with US generally accepted accounting principles within 120 days of such fund's fiscal year end.

Item 16 Investment Discretion

All of the assets managed by Company are traded on a fully discretionary basis. Investors investing in the funds established by Company are not able to place restrictions on investing in certain securities or types of securities. Potential clients seeking investment restrictions may consider opening separately managed accounts which may be tailored to the individual needs of the clients.

The Company requires investors' investing in the funds to execute a subscription agreement and, with respect to investors investing in the onshore master fund, also a limited partnership agreement, providing the Company with authority to trade on a discretionary basis. The Company requires managed account clients to execute managed account agreements granting the Company authority to trade on a discretionary basis.

In certain circumstances, an investment opportunity may be suitable for more than one client (i.e., based on investment objectives, portfolio balance and weighting, whether the Company believes the allocation would have a meaningful effect on a given client). The Company may determine that a given client may not receive an allocation of a purchase and/or sale opportunity even if such opportunity is suitable for such client for a variety of reasons, including, without limitation, the determination that the amount of an opportunity that would otherwise be allocated to such client would not result in a meaningful impact on the performance of such client, to comply with stated investment guidelines or security trading restrictions and/or as a result of tax planning or restrictions.

Item 17 Voting Client Securities

The Company has been given discretionary authority for investment decisions by its clients, and thus has authority to vote proxies on behalf of its clients unless an investment advisory agreement stipulates otherwise. If the Company has discretionary authority, clients do not direct voting in any particular proxy solicitation.

The Company will vote proxies, where given authority, in the best interests of its clients in terms of maximizing clients' rate of return on investment. In certain cases, this may involve refraining from voting when the cost of voting exceeds the expected benefit. Generally, the Company will only vote proxies for portfolio holdings that are either (a) current as of the date voting takes place and deemed in the sole discretion of the Company as non-routine or (b) current as of the date voting takes place and deemed in the sole discretion of the Company as material in the context of the client's total portfolio.

Potential material conflicts of interests may arise with any particular proxy solicitation. Such conflicts may include, but are not limited to, the following: the individual designated to vote proxies owns an interest in the company in which the Company will vote on a proxy; the individual designated to vote proxies will receive any unusual compensation or profit based on how the Company votes on a proxy; the individual designated to vote proxies serves as a director in the company in which the Company will vote on a proxy; the individual designated to vote proxies has an immediate family member (spouse, child, parent, sibling, or in-law) that is a director in the company in which the Company will vote on a proxy; the individual designated to vote proxies has a personal relationship with an executive or director in the company in which the Company will vote on a proxy; and the individual designated to vote proxies has a personal relationship with a candidate to be a director in the company in which the Company will vote on a proxy.

In the event of such a conflict of interest, the Proxy Voting Committee and the CCO jointly may determine that the individual designated to vote proxies has such a conflict of interest and is to be recused from voting the proxy at issue. In such cases, the remaining members of the Proxy Voting Committee will vote the proxy.

To comply with SEC rule 206(4)-6 and amended Rule 204-2, the Company maintains a copy of its Proxy Voting Policy and Procedures; maintain records of proxy statements received pertaining to client securities, records of votes cast; any documents prepared by the Company that were material to making a decision how to vote or that memorialized the basis for the decision; and records of each client request for proxy voting records as well as the Company's response to such requests.

The Company's Proxy Voting Policies and Procedures and information on how the Company has voted proxies are available upon request from the CCO.

Item 18 Financial Information

The Company does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

Miscellaneous

Privacy Policy

The Company recognizes the importance of protecting privacy. As such, the Company has policies in place to maintain the confidentiality and security of the onshore feeder fund's natural person limited partners' and the offshore feeder fund's natural person shareholders' (such natural persons collectively referred to as the "Investors") information.

In the normal course of business, the Company may collect the following types of information:

- Information provided in the subscription documents and other forms (including name, address, social security number, date of birth, income and other financial-related information)
- Data about transactions with us (such as the types of investments made and account status)

Any and all nonpublic personal information received by the feeder funds, AlphaParity Advisors, LLC (the master fund's general partner, the "General Partner") and/or the Company in the course of business with respect to the investors (which, for purposes of this privacy policy includes all natural person clients of the Company), including the information provided to a feeder fund by an Investor in the subscription documents, shall not be shared with nonaffiliated third parties which are not service providers to the such feeder fund, the General Partner and/or the Company without prior notice to such Investors. Such service providers include but are not limited to the administrator, the auditors and the legal advisors of the each feeder fund. Additionally, the feeder funds, the General Partner and/or the Company may disclose such nonpublic personal information as required by law (such as to respond to a subpoena or a request for information by a regulator and/or to prevent fraud). Without limiting the foregoing, the feeder funds, the General Partner and/or the Company may disclose such nonpublic personal information as required by law, including without limitation, the disclosure that may be required by the Uniting and Strengthening America Act by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001 and the rules and regulations promulgated thereunder. If a feeder fund or the Company chooses to dispose of any Investor's nonpublic personal information that each is not legally bound to maintain, then each will do so in a manner that reasonably protects such information from unauthorized access. Such policy shall also apply to the former Investors.

The Company restricts access to nonpublic personal information about our customers to those employees and agents who need to know that information in order to provide products and services to you. The Company maintains physical, electronic and procedural safeguards to protect applicable nonpublic personal information.

For questions about this privacy policy, please contact the Company.

Disaster Recovery and Business Continuity Contingency Plan

The Company's Disaster Recovery and Business Continuity Contingency Plan is available upon request.