

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

### **Princeton Alpha Management, LP**

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This brochure provides information about the qualifications and business practices of Princeton Alpha Management, LP and its affiliates (collectively “Princeton Alpha” or “Advisor”). If you have any questions about the contents of this Brochure, please contact John McKenzie, Chief Compliance Officer, at (609) 269-9212. 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 Princeton Alpha is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Princeton Alpha is registered as an investment adviser under the Investment Advisers Act of 1940 (the “Advisers Act”). Registration as an investment adviser with the SEC does not imply a certain level of skill or training.

## Material Changes

Princeton Alpha's most recent update to Part 2A of Form ADV was made on June 12, 2013, when Princeton Alpha filed its initial application to register as an investment adviser with the SEC. Material changes since the last update of the Part 2A are:

- Item 4: Advisory Business – an update to the descriptions of the investment vehicles managed by Princeton Alpha, the strategic investment made by a third party investment firm in such vehicles, and an update to Princeton Alpha's assets under management.

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## Advisory Business

Princeton Alpha is organized as a limited partnership under the laws of the State of Delaware. Shakil Ahmed, Chief Executive Officer, founded Princeton Alpha LLC in February of 2013 and this entity converted into Princeton Alpha in May 2013. Princeton Alpha GP LLC (“Controlling Partner”) is Princeton Alpha’s general partner. Shakil Ahmed is the principal owner of Princeton Alpha. The investment activities of Princeton Alpha are led by Shakil Ahmed, as Chief Investment Officer. A number of other investment professionals work with Shakil Ahmed to execute Princeton Alpha’s investment strategy.

Princeton Alpha serves as an investment manager and provides discretionary advisory services to Princeton Alpha Master Fund LP, (the “Master Fund”) a private investment partnership organized as a Cayman Islands exempted limited partnership. Princeton Alpha Funds GP LLC (the “General Partner”) acts as general partner of the Master Fund and Princeton Alpha Partners LP, a Delaware limited partnership (the “Onshore Fund”). Princeton Alpha serves as investment manager to the Onshore Fund and Princeton Alpha Fund Ltd., a Cayman Islands exempted company (the “Offshore Fund”). Both the Onshore Fund and the Offshore Fund invest all of their investable assets in and make all of their investments through the Master Fund (the Master Fund together with the Onshore Fund and the Offshore Fund, the “Funds”).

In the future, Princeton Alpha may also manage several related collective investment vehicles, including other private investment partnerships and foreign investment companies; together with any respective subsidiary investment vehicles.

Unless and only to the extent that the context otherwise requires, references to “Princeton Alpha” includes the General Partner.

The Fund will seek to achieve superior returns on a risk-adjusted basis using quantitative trading strategies. For more information regarding these strategies, see “Methods of Analysis, Investment Strategies and Risk of Loss” below. Investment advice will be provided directly to the Funds and not individually to the limited partners or shareholders of the Funds (together, the “Investor” or “Investors”). Princeton Alpha will manage the assets of the Funds in accordance with the terms of each Fund’s confidential offering and/or private placement memoranda, individual limited partnership or shareholder agreements and other governing documents applicable to each Fund (the “Governing Fund Documents”). All terms will generally be established at the time of the formation of a Fund. The Investors may not restrict investments by the Funds in any capacity, and except in limited circumstances.

The General Partner, Princeton Alpha and Shakil Ahmed have entered into an arrangement with an initial investor (the “Strategic Investor” and such arrangement, the “Strategic Investor Agreement”), whereby the Strategic Investor has provided a significant capital contribution to the Funds as of the initial closing. In consideration for such capital contribution, the Strategic Investor has received certain rights that are in addition to, and more favorable than, the rights of other investors in the Funds. Such rights include the right to receive a special allocation of certain profits of the Master Fund generally determined as an agreed percentage of the Performance-Based Amount (such special allocation, the “Strategic Payment”), the right to receive a guaranteed

payment being an agreed percentage of the Asset-Based Charges and Payments equal to a portion of the net asset value of the Master Fund (such guaranteed payment, the “Guaranteed Payment”) and certain other rights that are in addition to, and more favorable than, the rights of other investors in the Funds. The Strategic Investor is not a sponsor or promoter of the Funds, has no duties to other Investors and will not be liable to other Investors for exercising or not exercising any rights that it may have. The Strategic Investor does not have an equity stake in Princeton Alpha and has no rights with respect to the day-to-day operation of the Funds or in the management of the Funds.

Shares or limited partnership interests in the Funds are not registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and the Funds are not registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”). Accordingly, interests or shares in the Funds are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements, in private transactions within and outside the United States.

As of September 3, 2013, Princeton Alpha managed approximately \$255,000,000 on a discretionary basis on behalf of the Funds.

## **Fees and Compensation**

### General

Princeton Alpha provides investment advisory services to each of the Funds pursuant to separate investment management and/or limited partner agreements (the “Agreements”). The Agreements for each Fund, along with specific organizational documents of the Fund, set forth in detail the fee structure relevant to each such Fund. The terms of the Agreements are generally established at the time of the formation of the applicable Fund.

Princeton Alpha will receive compensation from fees based on a percentage of assets under management, incentive allocations and fees and certain other fees or expenses related to transactions (see below). Investors should review all fees charged by Princeton Alpha and others to fully understand the total amount of fees to be paid by a Fund and, indirectly, by their Investors.

### Asset-Based Charges and Payments

Each Investor will effectively be charged an annual asset based charge and payment (the “Asset Based Charges and Payments”) equal to no more than 2.5% per annum of the net asset value of Investor’s investment in each feeder fund. The asset-based charge will be calculated and payable quarterly in advance as of the beginning of each calendar quarter. A portion of such charge will be paid by the Fund to Princeton Alpha as a fee for its services (the “Management Fee”), and the Strategic Investor will receive a Guaranteed Payment as described above.

The General Partner, at its sole discretion, may elect to reduce, waive or calculate differently the Asset Based Charges and Payments with respect to any person, including through separate written agreements with Investors.

Performance Charge

The Agreements also provide that the Investors bear an annual performance-based amount (the “Performance Charge”) which is calculated and charged separately with respect to each Investor’s investment, equal to no more than 25% of the performance (for that year) attributable to each Investor’s investment, subject to a high water mark. In the event that an Investor subscribes as of different dates, the Performance Charge will be determined and debited separately with respect to each investment.

A portion of such Performance Charge will be paid by the Funds to Princeton Alpha as a performance fee for its services (the “Performance Fee”), and a portion of such amounts will be allocated by the Master Fund to the Strategic Investor as the Strategic Payment.

The Performance Charge with respect to any Investor may be waived or altered by the General Partner, in its sole discretion, including through separate written agreements with Investors.

Other Expenses Charged to the Funds

In addition to the Asset-Based Charges and Payments and the Performance Charge, each Fund will bear all costs and expenses directly related to its investment program, including, without limitation, expenses related to proxies, brokerage commissions, dealer spreads, mark-ups, securities lending fees and expenses, interest on debit balances or borrowings, exchange fees, give up fees, NFA fees, dividends payable with respect to securities sold short, custody fees and any withholding or transfer taxes imposed on the Fund. The Funds will also bear the fees and expenses incurred in connection with the administration of the Fund, accounting, audit and legal fees and expenses, directors fees and expenses, the fees and expenses of preparing and filing any reports which seek information about the Funds and its Master Fund’s investments, insurance premiums including premiums for professional liability (errors and omissions) and directors and officers’ insurance covering the Princeton Alpha and its affiliates, the costs of any litigation or investigation involving the Fund’s activities, and costs associated with reporting and providing information to existing and prospective Investors.

However, the General Partner may, in its sole discretion, choose to absorb any such expenses incurred on behalf of a fund.

The Master Fund will also pay for certain fees and expenses related to the implementation of Princeton Alpha’s trading strategies including, without limitation, hardware used for strategy model research and production systems, real time market data (including Bloomberg and other data services) and historical data used for strategy model building (including data sources used for production of trading systems) and server rack rent and server fees (collectively, “Quant Fees”). The amount of Quant Fees will be capped at 100 basis points per annum of the net asset value of the Master Fund, including any portion of the Quant Fees being amortized as organizational expenses.

A portion of the commissions generated on the Master Fund’s brokerage transactions may generate “soft dollar” credits that the General Partner and Princeton Alpha are authorized to use to pay for research and other non-research related services and products used by the General Partner

and Princeton Alpha. For more information regarding Princeton Alpha's brokerage practices and brokerage expenses discussed herein ("Brokerage Practices").

#### Organizational and Offering Expenses

The Master Fund will bear the expenses of the organization of the Funds and the offering of interests (including legal and accounting fees, printing costs, travel, "blue sky" filing fees and expenses, out-of-pocket expenses and Quant Fees). In general, the Fund's financial statements will be prepared in accordance with generally accepted accounting principles in the United States ("GAAP"). However, it is anticipated that the Funds will amortize their organizational expenses over a period of 60 calendar months from the date the Funds commence operations because it is believed that such treatment is more equitable than expensing the entire amount of the organizational expenses in the Fund's first year of operation, as is required by GAAP.

Investors should review all fees charged by Princeton Alpha, its affiliates, and others to fully understand the total amount of fees to be paid by the Funds and, indirectly, their Investors.

### **Performance Based Fees and Side-by-Side Management**

As described above, Princeton Alpha or its affiliates receive performance-based compensation and because the performance compensation is calculated on a basis which includes unrealized appreciation of the Fund's portfolio, it may be greater than if such compensation were based solely on realized gains. These fees may create an incentive to make more speculative investments and make different decisions regarding the timing and manner of the realization of such investments, than would be made if such incentive fees were not allocated to Princeton Alpha. Princeton Alpha does not have any Funds it manages that will not be charged performance compensation and it is not anticipated that it will manage any accounts that will not be charged performance compensation.

### **Types of Clients**

Princeton Alpha provides discretionary management and advisory services to the Funds directly, subject to the direction and control of the General Partner (or board of directors, in the case of the Offshore Fund), as the case may be, and not individually to the Investors. Investors in the Funds may include, but are not limited to, high net worth individuals, pension plans (corporate, state and foreign), sovereign wealth funds, endowments, foundations, banks, pooled investment vehicles (e.g., funds-of-funds), trusts, estates or charitable organizations, and corporate or business entities.

The minimum commitment for an Investor is outlined in the Governing Fund Documents; however, Princeton Alpha and/or its affiliates maintain discretion to accept less than the minimum investment threshold. Investors in the Onshore Fund and US investors in the Offshore Fund will be required to meet certain suitability qualifications, such as being an "accredited investor" within the meaning set forth in Rule 501(a) of Regulation D under the Securities Act and also "qualified purchasers" within the meaning set forth in Section 2(a)(51) of the Investment Company Act and the regulations thereunder.

In addition to the Strategic Investor Agreement, the General Partner and/or Princeton Alpha, in their sole discretion, may enter into a side letter or similar agreement with one or more Investors that has the effect of establishing rights under, or altering or supplementing the terms of the

Governing Fund Documents (including, without limitation, those relating to management fees, performance fees, transparency, and withdrawals) with respect to such Investor. The General Partner and/or Princeton Alpha generally grant waivers of the asset-based charges and the Performance Charge to principals and employees of Princeton Alpha and its affiliates, as well as their related family members and affiliates.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

### Overall Investment Strategy and Methods of Analysis

The Master Fund will trade liquid, exchange traded equities (including ETFs), swaps and futures in developed markets. Specifically, this includes the United States, developed Europe, Japan, Hong Kong, Australia and Canada. In the future, other markets such as Brazil, India, Korea, Taiwan and South Africa may be added. Other asset classes such as foreign exchange and options or other derivatives may eventually be added.

The Master Fund will deploy market neutral, quantitative strategies. The portfolio will be diverse, covering a wide range of liquid, exchange traded instruments. The models may use a variety of input data sources such as technical data based on prices and volumes, or fundamental data such as earnings estimates. The quantitative models will use statistical and mathematical models based on historical and real time data to forecast relative asset price movements and construct market neutral portfolios based on this forecasts. The models will have average daily holding periods ranging from hours to several weeks.

Investors should review the respective Governing Fund Documents for more details on the manner in which Princeton Alpha intends to implement the Fund's investment strategy and the methods of analysis that the Advisor seeks to utilize in order to reach these investment objectives.

The method(s) and investment strategies described above involve certain risks. A summary of the principal risks are set out below.

### Summary of the Principal Investment Risks

Investing involves substantial risks, including the risk of total loss of capital, and may not be suitable for all investors. No guarantee or representation is made that the Fund's investment program, including, without limitation, the Fund's investment objective, diversification strategies or risk monitoring goals, will be successful. Investment results may vary substantially over time. No assurance can be made that profits will be achieved or that substantial or complete losses will not be incurred. Past investment results of investments otherwise made by the investment professionals of the Advisor are not necessarily indicative of the Fund's or the Advisor's future performance.

The following are certain of the principal risks associated with the investment activities of the Fund:

*General Investment Risk.* Investments in securities are subject to the general risks associated with the underlying businesses, including market conditions, changes in regulatory requirements, reliance on management at the company level, interest rate and currency fluctuations, general economic downturns, domestic and foreign political situations, and other factors. All Fund



investments risk the loss of capital. There can be no assurance that the Fund's program will be successful or that an investor will not lose some or all of its investment in the Fund.

*Recent Developments in Financial Markets.* Recent developments in the global financial markets illustrate that the current environment is one of extraordinary and possibly unprecedented uncertainty. In light of such recent market turmoil and the overall weakening of the financial services industry, the Fund, the General Partner, Princeton Alpha, the prime brokers (and their respective affiliates) and other financial institutions' financial condition may be adversely affected and they may become subject to legal, regulatory, reputational and other unforeseen risks that could have a material adverse effect on the Fund's business and operations.

*Financial Markets and Regulatory Change.* Market disruptions and the dramatic increase in the capital allocated to alternative investment strategies during recent years have led to increased governmental as well as self-regulatory scrutiny of the "hedge fund" industry in general. The laws and regulations affecting businesses continue to evolve in an unpredictable manner. Laws and regulations, particularly those involving taxation, investment and trade, applicable to the Master Fund's activities can change quickly and unpredictably, and may at any time be amended, modified, repealed or replaced in a manner adverse to the interests of the Fund. It is impossible to predict what, if any, changes in regulation applicable to the Fund or Princeton Alpha, the markets in which they trade and invest or the counterparties with which they do business may be instituted in the future.

*Evolving Regulatory Risks.* The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") seeks to regulate markets, market participants and financial instruments that previously have been unregulated and substantially alters the regulation of many other markets, market participants and financial instruments. Because regulations implementing many provisions of the Dodd-Frank Act have only recently been adopted or proposed, it is difficult to predict the impact of the Dodd-Frank Act on the Fund, Princeton Alpha, and the markets in which they trade and invest. The Dodd-Frank Act could adversely impact strategies in which the Fund engages or intends to engage and increases operating costs of the Fund and thereby could have an adverse impact on the Fund and its Investors.

The European Union Alternative Investment Fund Managers Directive (the "Directive") was due to come into force and be transposed into the laws of the member states of the European Union (the "EU Member States") no later than July 21, 2013 (the "Implementation Date"). Where an alternative investment fund manager (the "AIFM") and its funds are domiciled outside the European Union (the "EU"), certain conditions must be met to permit the marketing of the shares of such funds to potential and existing investors in the EU, including that prescribed disclosures be made to such investors. Many of the provisions of the Directive require the adoption of delegated acts and regulatory technical standards, as well as the establishment of guidelines, before becoming fully effective and not every EU Member State completed this process in full by the Implementation Date. Interpretation of the Directive may vary among the EU Member States and certain EU Member States are contemplating changing their domestic private placement rules. It is therefore difficult to predict the full impact of the Directive on the Funds and the Investment Manager and the effect on the Funds and the Investment Manager may vary over time. If any of the Funds are marketed in any EU Member State or member of the European Economic Area, the

Investment Manager will be regarded as the AIFM in respect of that Fund and will be required to make certain reports and disclosures to the regulators of such states. Such reports and disclosures may become publicly available.

The Dodd-Frank Act includes provisions that comprehensively regulate the OTC derivatives markets for the first time. The Dodd-Frank Act will require that a substantial portion of OTC derivatives must be executed in regulated markets and submitted for clearing to regulated clearinghouses. OTC trades submitted for clearing will be subject to minimum initial and variation margin requirements set by the relevant clearinghouse, as well as possible SEC or CFTC-mandated margin requirements. The regulators also have broad discretion to impose margin requirements on non-cleared OTC derivatives. Although the Dodd-Frank Act includes limited exemptions from the clearing and margin requirements for so-called “end-users,” the Fund does not expect to be able to rely on such exemptions.

*No Operating History.* The Fund is a newly-formed entity which does not have an operating history for prospective investors to evaluate prior to making an investment in the Fund. The investment professionals of Princeton Alpha have been using strategies similar to some of the strategies described herein in connection with other private investment funds or securities firms for several years. However, there can be no assurance that the Fund will achieve results comparable to those that the investment professionals have achieved in the past.

*Investment Judgment; Market Risk.* The profitability of a significant portion of the Fund’s investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that Princeton Alpha will be able to predict accurately these price movements. With respect to the investment strategy utilized by the Fund, there is always some, and occasionally a significant, degree of market risk.

*Reliance on Key Person.* The Fund will be substantially dependent on the services of Shakil Ahmed. In the event of the death, disability, departure or insolvency of Shakil Ahmed, or the complete transfer of Shakil Ahmed’s interest in Princeton Alpha, the business of the Fund may be adversely affected.

*Equity Securities Generally.* The Advisor will engage in trading equity securities. Market prices of equity securities generally, and of certain companies’ equity securities more particularly, frequently are subject to greater volatility than prices of fixed income securities. Market prices of equity securities as a group have dropped dramatically in a short period of time on several occasions in the past, and they may do so again in the future.

*Common Stock.* Common stock and similar equity securities generally represent the most junior position in an issuer’s capital structure and, as such, generally entitle holders to an interest in the assets of the issuer, if any, remaining after all more senior claims to such assets have been satisfied. Holders of common stock generally are entitled to dividends only if and to the extent declared by the governing body of the issuer out of income or other assets available after making interest, dividend and any other required payments on more senior securities of the issuer.

*Short Sales.* The Fund may enter into transactions, known as “short sales,” in which it sells a security it does not own in anticipation of a decline in the market value of the security. Short sales by the Fund that are not made “against the box” theoretically involve unlimited loss potential since the market price of securities sold short may continuously increase. The Fund may mitigate such losses by replacing the securities sold short before the market price has increased significantly. Under adverse market conditions, the Fund might have difficulty purchasing securities to meet its short sale delivery obligations, and might have to sell portfolio securities to raise the capital necessary to meet its short sale obligations at a time when fundamental investment considerations would not favor such sales. The Dodd-Frank requires changes to securities lending practices that, if and when implemented, may negatively impact the Fund’s ability to sell securities short.

*Derivatives.* Derivative instruments, or “derivatives,” include futures, 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. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading.

*Non-U.S. Securities.* Investments in non-U.S. securities involve certain factors not typically associated with investing in U.S. securities, such as risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar (the currency in which the books of the Fund are maintained) and the various foreign currencies in which the Fund’s portfolio securities will be denominated and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and foreign securities markets, including the absence of uniform accounting, auditing and financial reporting standards and practices and disclosure requirements, and less government supervision and regulation; (iii) political, social or economic instability; (iv) imposition of non-U.S. income, withholding or other taxes; (v) the extension of credit, especially in the case of sovereign debt and (vi) failures to deliver securities purchased in the market.

*Leverage.* Subject to applicable margin and other limitations, the Fund may borrow funds in order to make additional investments and thereby increase both the possibility of gain and risk of loss. Consequently, the effect of fluctuations in the market value of the Fund’s portfolio would be amplified. Interest on borrowings will be a portfolio expense of the Fund and will affect the operating results of the Fund. Also, the Fund could potentially create leverage via the use of instruments such as options and other derivative instruments and only be required to deposit a portion of the amounts due under a contract, and thereby increase the assets that are able to be deployed but magnify the risk of loss.

*Options.* The Advisor may invest in options. Investing in options can provide a greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price,

the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination thereof.

*Turnover.* Princeton Alpha's trading activities will often be made on the basis of short-term market considerations. The portfolio turnover rate will be substantial at times and may result in the Fund incurring substantial brokerage commissions, dealer spreads and other transaction fees and expenses.

*Decisions Based on Mathematical Analysis.* The trading decisions of Princeton Alpha will be based on trading strategies which utilize the mathematical analysis of past price behavior. The future profitability of these strategies depends upon the ability of the future price action to not be materially different from the past. The Fund may incur substantial trading losses during periods when markets behave substantially different from the period in which Princeton Alpha's models are derived. In addition, Princeton Alpha's approach may be similar to that used by other traders in the future. At times the use of Princeton Alpha's approach by other traders may result in many traders attempting to initiate or liquidate positions in a market at or about the same time and this can affect the execution of trades and Princeton Alpha's ability to generate profits.

*Use of Discretion.* While Princeton Alpha's trading systems are predominantly algorithmic and mechanical, Princeton Alpha reserves the right to exercise discretion. No assurance can be given that such use of discretion will enable the Fund to avoid losses and in fact such use of discretion may cause the Fund to forego profits which it may have otherwise earned had such discretion not been used.

*Reliance on Trading Models.* The trading models used by Princeton Alpha to support the investment decisions have been tested on historical price data. These models utilize the fact that price movements on most markets display very similar patterns. There is, of course, a risk that market behavior will change and that the patterns upon which the forecasts in the models are based weaken or disappear, which would reduce the ability of the models to generate an excess return. Further, as market dynamics shift over time, a previously highly successful model may become outdated, perhaps without Princeton Alpha recognizing that fact before substantial losses are incurred. The successful operation of the models is also reliant upon the information technology systems of Princeton Alpha and its ability to ensure those systems remain operational and that appropriate disaster recovery procedures are in place. There can be no assurance that Princeton Alpha will be successful in maintaining effective mathematical models.

Princeton Alpha seeks to mitigate these risks through a variety of mechanisms, including diversification, stress testing, disciplined capital allocation, tight constraints on delta and beta neutrality, and limited on individual positions. The descriptions of risk factors contained above are a brief overview of different market risks related to the Advisor's investment strategy; however, it is not intended to serve as an exhaustive list or a comprehensive description of all risks and conflicts that may arise in connection with the management and operations of the Funds. In addition, key risk areas inherent to investing also include risks related to the operations and investment activities of the Fund, risks related to specific investments, and risks related to non-U.S. and non-U.S. jurisdictions.

Investors are recommended to review the Governing Fund Documents for a more complete discussion of the risk factors associated with the Fund.

## **Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or investor's evaluation of the adviser or the integrity of the adviser's management. Neither Princeton Alpha nor any of its officers, directors, employees or other management persons, have been involved in any legal or disciplinary events in the past 10 years that would require disclosure in response to this Item.

## **Other Financial Industry Activities and Affiliations**

Princeton Alpha has claimed an exemption from commodity pool operator registration with respect to the offshore feeder fund pursuant to CFTC Reg 4.13(a)(3) and the General Partner also has claimed an exemption from commodity pool operator registration with respect to the onshore feeder fund and the master fund pursuant to CFTC Reg 4.13(a)(3).

Other than the relationships described above, neither Princeton Alpha nor the General Partner has any other business activities or affiliations.

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

Pursuant to Rule 204A-1 of the Advisers Act, Princeton Alpha has adopted a written Code of Ethics (the "Code"). The Code is designed to address and avoid potential conflicts of interest and is applicable to all officers, directors, members, partners or employees of Princeton Alpha (the "Employees"). A summary of the Code is provided below. However, a full copy of the Code will be made available to Investors upon request.

The Code places restrictions on personal trades by Employees, including that they disclose their personal securities holdings and transactions to the Advisor on a periodic basis, and requires that Employees pre-clear certain types of personal securities transactions. Princeton Alpha, its affiliates and its Employees may invest on behalf of themselves in securities that would be appropriate for, held by, or may fall within the investment guidelines of the Fund, subject to a pre-clearance process.

## **Brokerage Practices**

### Selection of Brokers and Dealers

Princeton Alpha will be responsible for the placement of the portfolio transactions of the Fund and the negotiation of any commissions or spreads paid on such transactions. Portfolio transactions normally will be effected through brokers on securities exchanges or directly with the issuer, or through an underwriter, or market maker or other dealer for the investments. Portfolio transactions will be executed by brokers selected solely by the Advisor in its absolute discretion.

Prime brokers or their affiliates may provide capital introduction or other placement services to the Funds and Princeton Alpha (with or without separate charges for such other services). In

determining which broker-dealer generally provides the best available price and most favorable execution, Princeton Alpha considers a totality of circumstances, including the broker-dealer's research capabilities and the success of prior research recommendations, ability to efficiently execute difficult trades (such as those in illiquid markets or trades of substantial size), the broker's risk in positioning a block of securities, commitment of capital, nature and frequency of sales coverage, depth of services provided, including economic or political coverage, arbitrage and option operations, back office and processing capabilities, financial strength, stability and responsibility, efficiency, reputation, access to markets, confidentiality, commission rate, responsiveness to Princeton Alpha and the value of research and brokerage and research products and services provided by such brokers.

Princeton Alpha may also execute trades with brokers and dealers with whom the Funds or Princeton Alpha has other business relationships, including prime brokerage, credit relationships and capital introduction or investments by affiliates of the broker-dealers in the Funds or other entities managed by Princeton Alpha. However, Princeton Alpha does not believe that these other relationships will influence the choice of brokers and dealers who execute trades for the Funds.

#### Soft Dollars

Section 28(e) of the Exchange Act provides a safe harbor that allows an investment adviser to pay more than the lowest available commission in order to obtain brokerage and research services (commonly referred to as a "soft dollar" arrangement). Princeton Alpha does not utilize third-party soft dollar arrangements, such as commission sharing accounts or similar brokerage commission conduits whereby Princeton Alpha generates "commission credits" through trading that are used to pay for third party research or related products and services. Princeton Alpha also does not expressly agree to provide a certain level of execution to a broker/dealer in exchange for research products or services. However, Princeton Alpha may utilize proprietary research provided by broker/dealers that provide value to the fund's investment management activities. The Advisor believes it is important to its investment decision-making processes to have access to such research.

In such circumstances, Princeton Alpha will operate within the safe harbor provided by Section 28(e) of the Exchange Act and subject to prevailing guidance provided by the SEC regarding Section 28(e). Nevertheless, the fact that the Advisor is being provided with the research rather than having to produce the research itself presents a conflict of interest and incentivizes the Advisor to choose brokers providing such services. The soft dollar benefits will be allocated to the Advisor's sole client fund complex once it is launched. The Advisor intends to regularly review its broker-dealers and choose the broker-dealers that satisfy the other requirements for best execution set forth above without respect to the research. The Advisor does not intend to "pay-up" for the research services it receives.

#### Order Aggregation and Average Pricing

While the Advisor only currently plans to initially provide advice to a single fund complex, it may plan to add additional funds in the future. When Princeton Alpha determines that it would be appropriate for the Master Fund and one or more other investment accounts to participate in an investment opportunity, Princeton Alpha will seek to execute orders for all of the participating investment accounts on an equitable basis. If Princeton Alpha has determined to invest at the same

time for more than one of the investment accounts, Princeton Alpha will generally place combined orders for all such accounts simultaneously and if all such orders are not filled at the same price, it will generally average the prices paid. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, Princeton Alpha will allocate the trade among the different accounts on a basis that it considers equitable. Situations may occur where the Funds could be disadvantaged because of the investment activities conducted by Princeton Alpha for other investment accounts.

#### Cross Trades

As stated above, the Advisor initially plans on advising one fund complex, but may add other accounts and may need to rebalance within the fund complex. From time to time, Princeton Alpha may determine that a sale of positions from one client account to another is in the best interests of both accounts. For example, the Master Fund may acquire investments from unrelated sellers and may re-offer a portion of such investments to affiliated investment vehicles that were subject to legal, fiscal or other restrictions on participating in the original transaction. Alternatively, an affiliate may acquire an investment from an unrelated seller in anticipation of offering it to the Master Fund at a future date, if the Master Fund does not have available capital to make the investment when it is being marketed by the unrelated seller. While these transactions with related parties are expected to expand the universe of opportunities that are available to the Master Fund and other clients of Princeton Alpha, the Master Fund will not necessarily derive a benefit from each such transaction, and the Master Fund and the other party to a particular transaction may have divergent interests. Moreover, there may be uncertainties regarding the valuation of investments that are subject to these transactions.

Where required by applicable law or in other appropriate circumstances as determined by the General Partner, the General Partner may convene a Conflicts Committee to consent on behalf of the Master Fund to transactions in which participating accounts may have divergent interests. Investors will have no opportunity to participate in the evaluation of the terms or merits or valuation of any such transactions and will be bound by the consent of the Conflicts Committee. Affiliates may earn commissions, spreads or other compensation from the Fund relating to such transactions. Amounts due from the Master Fund to Princeton Alpha and its affiliates are not adjusted for such commission, spreads or other compensation.

#### Trade Errors

Trade errors affecting the Master Fund will be identified and corrected as soon as reasonably practicable. There are two general types of trade errors that can occur. The first type is trade errors caused by a third party, such as an executing broker or clearing broker. Upon a loss to the Master Fund resulting from a trade error caused by a third party, Princeton Alpha will attempt to have such third party reimburse the Master Fund in the appropriate currency. The second type of trade error is trade errors caused by Princeton Alpha. Due to the nature of trading performed by Princeton Alpha on behalf of the Master Fund (including high trading volumes, large trades, and frequent directional changes), some trade errors are expected to happen, and are considered a normal part of business. Due to the reliance on computerized signal generation, there is the possibility of programming glitches that would lead to erroneous trading signals. These are considered inherent risks to Princeton Alpha's trading strategy. With such a fast paced strategy,

trade errors are more likely to occur and are part of the operating risk of the strategy. For this reason, Princeton Alpha does not reimburse the Master Fund for trade errors.

## **Review of Accounts**

All investments will be reviewed and approved by Princeton Alpha's investment team, which includes Shakil Ahmed. Investments within the Master Fund's portfolio will be reviewed on a daily basis and Princeton Alpha investment personnel will meet regularly to discuss items such as the decision logic in the algorithms, risk limits of each portfolio and platform, and execution results.

Princeton Alpha will provide Investors with regular reports as specified in the Governing Fund Documents. For each Fund, each Investor receives audited financial statements for the Fund within 120 days after the conclusion of the Fund's fiscal year, including audited schedules of investments, balance sheets, income statements and cash flow statements.

In addition to the foregoing reports and statements, the Advisor also provides the Strategic Investor and in its discretion, may provide individual investors or groups of investors with more frequent disclosure or provide additional information not contained in the above mentioned reports and statements, either due to legal/regulatory constraints that must be followed by some of the Funds' Investors and/or the specific needs of and requests made by certain Investors.

## **Client Referrals and Other Compensation**

Princeton Alpha does not intend to pay third parties for client referrals, but it may periodically engage third party placement agents (i.e., solicitors) to introduce prospective investors to the Funds. Such placement agents may charge the investors who purchase interests through them additional upfront and/or ongoing placement fees. The amount of the additional upfront placement fee, if any, must be added to a prospective investor's subscription amount and will not be applied towards the interest issued to that investor. Certain placement agents may also receive a portion of the Management Fees and/or Performance Fees otherwise payable to Princeton Alpha.

## **Custody**

Princeton Alpha expects to have access to client accounts (i.e., the Funds) since an affiliate will serve as the General Partner for certain of the Funds or by virtue of having the authority to obtain possession of client funds or assets. Investors will not receive statements from any custodians. Instead, the Funds will be subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and the audited financial statements will be distributed to each Investor. The audited financial statements will be prepared in accordance with GAAP and distributed within 120 days of each Fund's fiscal year end.

## **Investment Discretion**

In accordance with the terms and conditions of the Governing Fund Documents, and subject to the direction and control of the General Partner, the Advisor will generally have discretionary authority to determine, without obtaining specific consent from the Funds or its Investors, the



securities and the amounts to be bought or sold on behalf of the Funds, and to perform the day-to-day investment operations of the Funds.

## **Voting Client Securities**

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Advisers Act, Princeton Alpha has adopted and implemented written policies and procedures governing the voting of client securities. The general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, "Proxies"), in a prudent and diligent manner that will serve the Funds' best interests and is in line with the Funds' investment objectives.

The Advisor may take into account all relevant factors, as determined by the Advisor in its discretion, including, without limitation: (i) the impact on the value of the securities or instruments owned by the Master Fund and the returns on those securities; (ii) the anticipated associated costs and benefits; (iii) the continued or increased availability of portfolio information; and (iv) industry and business practices. In limited circumstances, the Advisor may refrain from voting Proxies where the Advisor believes that voting would be inappropriate, taking into consideration the cost of voting the Proxies and the anticipated benefit to the Funds, such as when it anticipates holding the securities for a very short period of time (that happens to fall on the applicable voting record date). Generally, Investors and the Funds may not direct the Advisor's vote in a particular solicitation.

Conflicts of interest may arise between the interests of the Funds on the one hand and the Advisor or its affiliates on the other hand. If the Advisor determines that it may have, or is perceived to have, a conflict of interest when voting Proxies, the Advisor will vote in accordance with its proxy voting policies and procedures. A copy of Princeton Alpha's proxy voting policies and procedures and/or its proxy voting record will be made available to Investors upon request.

## **Financial Information**

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