

DISCLOSURE BROCHURE

FEBRUARY 28, 2014

QUEENSLIFF Partners LP

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This disclosure brochure (hereinafter “Brochure”) provides information about the qualifications and business practices of Queenscliff Partners LP (hereinafter “Queenscliff”). If you have any questions about the contents of this brochure, please contact William D. Corcoran at (212) 610-2726. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Queenscliff is also available on the SEC’s website at <http://www.adviserinfo.sec.gov>.

Queenscliff is an SEC registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

This Item discusses only those material changes that have occurred since Queenscliff's last annual updating amendment. Queenscliff is updating its Brochure as of February 28, 2014, as part of its annual amendment filing for 2014. The following is a summary of the changes made since Queenscliff last submitted its annual amendment filing of its Brochure on March 21, 2013:

- Made updates to reflect its assets under management as of February 28, 2014.
- Queenscliff has also made certain clarifying amendments to the Brochure.

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Item 4. Advisory Business

Queenscliff, a Delaware limited partnership formed on March 21, 2011, provides discretionary investment advisory services to private investment funds (each a “Fund”, and together the “Funds”). The Funds are open only to certain financially sophisticated and high-net worth individuals and entities, as further discussed in Items 5 and 7. The Funds are organized in a master-feeder structure. Queenscliff Fund LP, a Delaware limited partnership (the “Domestic Fund”), and Queenscliff Offshore Fund Ltd., a Cayman Islands exempt company (the “Offshore Fund,” and together with the Domestic Fund, the “Feeder Funds”), invest (directly or indirectly) substantially all of their assets in Queenscliff Master Fund LP, a Cayman Islands limited partnership (the “Master Fund”). The general partner to the Domestic Fund and the Master Fund is Queenscliff Associates LLC (the “General Partner”), a Delaware limited liability company.

Queenscliff’s investment decisions and advice with respect to each Fund are subject to each Fund’s investment objectives and guidelines. Queenscliff does not tailor its advisory services to the individual needs of investors in the Feeder Funds (“Investors”). The terms and investment objectives and strategies applicable to the Funds are set forth in a prospectus provided to Investors prior to the time of investing. Queenscliff has broad and flexible investment authority with respect to the Funds.

Pak-Chwee Yeoh and Phillip Towzell control Queenscliff through its general partner, Queenscliff Management LLC.

As of February 28, 2014, Queenscliff has \$32,981,000 of assets under management, all of which are managed on a discretionary basis.

This Brochure describes the business of Queenscliff. Certain sections will also describe the activities of Queenscliff’s officers, partners, directors (or other persons occupying a similar status or performing similar functions, or employees, or any other person who provides advisory services on Queenscliff’s behalf and is subject to Queenscliff’s supervision or control (each a “Supervised Person”).

Item 5. Fees and Compensation

Queenscliff provides investment management services to the Funds on a fee basis, which includes fees paid to the Queenscliff based upon net asset value and fees paid to the General Partner based on the performance of the Funds. The fees applicable to each Fund are set forth in detail in each Fund's offering documents. A brief summary of such fees is provided below. Investors should refer to the relevant offering documents for a complete understanding of how Queenscliff and the General Partner are compensated for Queenscliff's advisory services.

The Feeder Funds offer interests only to certain financially sophisticated and high-net worth individuals and entities; admission to the Feeder Funds is not open to the general public. Each Investor in the Domestic Fund must be an "accredited investor" as defined in Regulation D of the Securities Act of 1933, as amended, and a "qualified client" as defined in Rule 205-3 under the Investment Advisers Act of 1940. Offshore Fund Investors must either be non-U.S. persons or permitted U.S. persons and must meet other suitability requirements.

The Master Fund pays Queenscliff a fee for investment management services (the "Management fee") of 2.00% annually. This annual Management Fee is prorated and charged quarterly, in advance, based on the beginning net asset value of each Investor's interest for the respective quarter. Queenscliff, in its sole discretion, may choose to reduce, waive or calculate the Management Fee differently.

The Master Fund allocates to the General Partner an annual performance-based Incentive Allocation (the "Incentive Allocation") from the Master Fund, generally equal to 20.00% of profits, subject to a high water mark and the general requirement that an amount in excess of certain losses be recovered. The General Partner may also be eligible to receive a modified Incentive Allocation generally equal to 10.00% of profits during certain years under conditions in which losses from prior years have not been fully recovered. The Incentive Allocation, if any, will be determined as of each fiscal year-end and with respect to amounts withdrawn at times other than the fiscal year-end, at the time such withdrawal(s) took place.

Each Feeder Fund will bear its own expenses and its *pro rata* share of the Master Fund's expenses, including, without limitation: the Management Fee; investment expenses, whether or not such investments are consummated (such as brokerage commissions, expenses relating to short sales, clearing and settlement charges, custodial fees, bank service fees and interest expenses); investment-related travel expenses (which are travel expenses related to the purchase, sale or transmittal of, or due diligence regarding, the Master Fund's investments, whether or not such investments are consummated, incurred by Queenscliff or the General Partner of the Funds); professional fees (including, without limitation, expenses of consultants, investment bankers, attorneys, accountants and other experts) relating to investments; fees and expenses relating to software, programs or other technology utilized in managing the Funds (including, without limitation, trade management systems, third-party software licensing, implementation,

data management and recovery services, risk management systems and custom development costs); research and market data (including, without limitation, any computer hardware and connectivity hardware (e.g., telephone and fiber optic lines) incorporated into the cost of obtaining such research and market data); administrative expenses (including, without limitation, fees and expenses of the administrator); fees charged by Queenscliff or its affiliates to provide administration services to the Funds, and expenses incurred directly by the Funds or Queenscliff or its affiliates in connection with the provision of administration services, including, without limitation, out-of-pocket expenses (including, without limitation, travel, lodging and meal expenses), legal expenses; external accounting and valuation expenses (including, without limitation, the cost of accounting software packages); audit and tax preparation expenses; costs related to errors and omissions insurance for the General Partner and Queenscliff; costs of printing and mailing reports and notices; entity-level taxes; corporate licensing; regulatory expenses (including, without limitation, filing fees); organizational expenses; expenses incurred in connection with the offering and sale of the interests and other similar expenses related to the Funds; indemnification expenses; and extraordinary expenses.

Generally, Fund expenses, other than the Management Fee and any expenses which Queenscliff, the General Partner or the Board of Directors of the Offshore Fund (the “Board of Directors”), as applicable, determines, in its sole and absolute discretion, should be allocated to a particular Investor or Investors, will be charged to such Investor(s) on a *pro rata* basis.

To the extent that expenses to be borne by the Funds are paid by the General Partner or Queenscliff, the Funds will reimburse such party for such expenses. If any of the expenses listed above are incurred for the account of the Fund as well as for any other accounts, such expenses will be allocated among the Funds and such other accounts in proportion to the size of the investment made by each to which such expense relates, or in such other manner as the General Partner or the Board of Directors, as applicable, considers fair and equitable.

Subscriptions, redemptions or withdrawals, as applicable, by Investors that are effective at any time other than the first day of a fiscal quarter, the Management Fee will be *pro-rated* based on the actual number of days remaining in the quarter. In the event of a redemption or withdrawal, as applicable, Queenscliff will refund an amount equal to the *pro rata* portion of the Management Fee, based on the number of days remaining in the quarter; the Master Fund will then remit the refunded fee to the redeeming or withdrawing Investor.

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

As discussed in response to Item 5, above, Queenscliff renders investment management services to the Funds (and indirectly, to Investors) for performance-based fees paid to the General Partner. This arrangement raises actual and potential conflicts of interest. The performance-based fee paid to the General Partner may be an incentive for Queenscliff to make investments that are riskier or more speculative than would be the case absent a performance-based arrangement. In addition, because performance-based compensation is calculated on a basis that includes unrealized appreciation of assets, it may be greater than if such compensation were based solely on realized gains.

Queenscliff presently provides investment advisory services to the Funds via one master-feeder structure, in which the Master Fund is generally the sole trading vehicle. As such, there is currently no potential conflict of interest related to managing accounts that provide the General Partner with performance-based compensation alongside accounts that charge no or lower performance-based compensation.

Conflicts of interest may arise from the fact that Queenscliff and its affiliates may in the future provide investment management services to other client accounts, including, without limitation, investment funds, separately managed accounts and proprietary accounts (collectively, "Other Accounts", and together with the Funds, the "Accounts", and each an "Account"). The Funds will not typically have an interest in any Other Accounts.

Other Accounts may have investment objectives, programs, strategies and positions that are similar to or may conflict with those of the Funds, or may compete with or have interests adverse to the Funds. Such conflicts could affect the prices and availability of Financial Instruments in which the Funds invests. Even if an Other Account has investment objectives, programs or strategies which are similar to those of the Funds, Queenscliff may give advice or take action with respect to the investments held by, and transactions of, the Other Accounts that may differ from the advice given or the timing or nature of any action taken with respect to the investments held by, and transactions of, the Funds due to a variety of reasons, including, without limitation, differences between the investment strategy, financing terms, regulatory treatment and tax treatment of the Other Accounts and the Funds. As a result, the Funds and an Other Account may have substantially different portfolios and investment returns. Conflicts of interest may also arise when Queenscliff makes decisions on behalf of the Funds with respect to matters where the interests of Queenscliff or one or more Other Accounts differs from the interests of the Funds.

Item 7. Types of Clients

Queenscliff provides investment advisory services to the Funds, which are its clients. Investors must meet the eligibility provisions outlined in Item 5, above, to invest in the Feeder Funds.

The Domestic Fund and the Offshore Fund each require a minimum initial capital contribution of \$500,000 in the case of Investors that are individuals and \$1,000,000 for all other Investors. Queenscliff, the General Partner, or the Board of Directors, as applicable, in their sole discretion, may accept capital contributions of lesser amounts (but in no event less than applicable legal minimums), establish different minimums, or reject any subscriptions, in whole or in part.

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

The methods of analysis, investment strategies, and material risks applicable to an investment in the Funds are set forth in detail in the offering documents provided to Investors. A summary is provided below.

Methods of Analysis

Queenscliff will utilize fundamental and technical analysis to identify and appropriately express differences between intrinsic value and market valuation in emerging markets globally. Macro views on global, country and local conditions and trends will be combined with bottom-up analysis to arrive at the optimal asset or product type to fit an investment theme profile, whether in currency, commodity, interest rate, debt or equity investments.

Investment Strategies

Queenscliff's investment objective is to generate substantial returns for the Funds primarily through investments in global emerging markets securities across various asset classes. Queenscliff may also seek exposure to emerging markets indirectly through investments in issuers located in developed markets and through instruments referenced to emerging markets securities. Queenscliff may make investments on behalf of the Funds in developed markets as well, and seeks to achieve its objectives with minimal correlation to global equity and bond markets. Queenscliff endeavors to achieve returns for the Funds through investments in short, medium and long-term investment opportunities.

Queenscliff's investment program will be pursued by a strategy of both active trading and investment principally in:

- Equities and related instruments
- Sovereign and corporate credit and related instruments
- Foreign exchange, fixed-income and related instruments
- Commodity derivatives and related instruments.

Queenscliff may also utilize investments such as asset-backed securities, commodities, exchange-traded funds, closed and open-ended funds, convertible and preferred securities and warrants. The derivative instruments in which Queenscliff may invest include, without limitation, credit derivatives, exchange-traded or over-the-counter futures and put and call options on securities (including, but not limited to, foreign exchange, equity and commodity options), swaps (including, but not limited to, interest rate swaps, swaptions, basket swaps, variance and volatility swaps, equity swaps and total return swaps), and contracts for differences. Queenscliff may also utilize standard and credit-linked currency forwards (being currency

forward transactions which are linked to the credit of an underlying company), non-deliverable forwards and foreign currency. In addition, the Funds may hold ancillary liquid assets such as term deposits.

Queenscliff's investment strategy for the Funds is based on fundamental research and seeks to take advantage of changing macroeconomic, credit and equity views in emerging markets countries (e.g., certain countries in Latin America, Central and Eastern Europe, the Middle East, Africa and Asia). The Funds' portfolio is intended to be liquid, with the majority of the capital invested in readily tradable instruments. Queenscliff will generally invest in various regions, and in different asset classes, which is intended to provide significant diversification of risk. Positions may be taken both long and short, across all product categories. The strategies employed will be from directional and/or relative value perspectives, and will seek to achieve positive absolute returns through all phases of global growth and liquidity cycles.

Queenscliff has the authority, on behalf of the Funds, to borrow, trade on margin, utilize derivatives and otherwise obtain leverage from brokers, banks and others on a secured or unsecured basis. Leverage may be utilized to the extent deemed appropriate by Queenscliff, and the amount of leveraged utilized may be significant.

The strategies set forth in this Brochure should not be understood to limit Queenscliff's investment activities on behalf of the Funds. Queenscliff has discretion to engage in any investment strategy, including any not described above, that Queenscliff considers appropriate to pursue the Funds' investment objectives. Investing in the Funds is speculative and entails substantial risks. There can be no assurance that the Funds' investment objectives will be achieved.

Risk of Loss

No guarantee or representation is made that the investment program, including Queenscliff's investment objectives for the Funds, 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. Additional or new risks not addressed herein may affect Queenscliff's investment activities with respect to the Funds. Past performance is no guarantee of future results.

General Economic and Market Risks

The success of the Queenscliff's investment activities with respect to the Funds will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Funds' investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of prices and the liquidity of the Funds' investments.

Volatility or illiquidity could impair the Funds' profitability or result in losses. The Funds may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets.

Systemic Risk

Credit risk may arise through a default by or because of one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by or because of one institution may cause a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing houses, banks, securities firms and exchanges with which the Funds interact. A systemic failure could have material adverse consequences on the Funds and on the markets for the financial instruments in which the Funds seek to invest.

Limited Liquidity

An investment in the Funds has limited liquidity because Investors will generally have only limited rights to withdraw capital from the Funds or transfer their Interests, and the Fund has the right to suspend withdrawals, as fully set forth in each Fund's offering documents. Investors must be prepared to bear the financial risks of an investment in the Funds for an indefinite period of time.

Investments in Emerging Markets

Investing in emerging markets involves additional risks and special considerations not typically associated with investing in other more established economies or markets. Such risks may include (i) increased risk of nationalization or expropriation of assets or confiscatory taxation; (ii) greater social, economic and political uncertainty, including war; (iii) higher dependence on exports and the corresponding importance of international trade; (iv) greater volatility, less liquidity and smaller capitalization of markets; (v) greater volatility in currency exchange rates; (vi) greater risk of inflation; (vii) greater controls on foreign investment and limitations on realization of investments, repatriation of invested capital and on the ability to exchange local currencies for U.S. Dollars; (viii) increased likelihood of governmental involvement in and control over the economy; (ix) governmental decisions to cease support of economic reform programs or to impose centrally planned economies; (x) differences in auditing and financial reporting standards which may result in the unavailability or unreliability of material information about issuers; (xi) less extensive regulation of the markets; (xii) longer settlement periods for transactions and less reliable clearance and custody arrangements; (xiii) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; (xiv) imposition of withholding or other taxes on dividends, interest, capital gains, gross sale or disposition proceeds or other income; and (xv) risks regarding the maintenance of the Funds' financial instruments with non-U.S. brokers and securities depositories.

Individual economies may differ substantially with respect to growth of gross national product, rates of inflation, capital reinvestment, resources, self-sufficiency and balance of payments position. An issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of investments in the securities markets of different countries, and their associated risks, are expected to change independently of each other.

Repatriation of investment income, assets and the proceeds of sales by foreign investors may require governmental registration and/or approval in some emerging countries. In addition, for example, if there is deterioration in a country's balance of payments, an emerging market country may impose restrictions on foreign capital remittances abroad. The Funds could be adversely affected by delays in or a refusal to grant any required governmental registration or approval for such repatriation.

Certain of the risks associated with international investments and investing in smaller capital markets are heightened for investments in emerging markets. For example, some emerging market currencies have experienced steady devaluations relative to the U.S. Dollar, and major adjustments have been made in certain of such currencies periodically. In addition, governments in certain emerging markets have exercised and continue to exercise substantial influence over many aspects of the private sector. In certain cases, the government owns or controls many companies, including the largest in the country. Accordingly, government actions in the future could have a significant effect on economic conditions in such countries, which could affect private sector companies and the value of securities in the portfolio.

Some emerging markets prohibit or impose substantial restrictions on investments in their capital markets, particularly their equity markets, by foreign entities such as the Funds. Certain emerging markets require governmental approval prior to investment by foreign persons, limit the amount of such investment in a particular company or limit such investment to only a specific class of securities which may have less advantageous terms than securities available for purchase by nationals.

Less-developed markets frequently have smaller capital markets and the currencies and securities traded in these markets are generally less liquid and the prices of various financial instruments are generally more volatile than in developed markets. The limited liquidity of these securities markets may also affect the Funds' ability to acquire or dispose of currencies or securities at the price and time it wishes to do so. In addition, currency and securities markets in emerging markets are susceptible to influence by large investors trading in significant volume or by large dispositions of positions resulting from failure to meet margin calls when due.

Brokerage commissions, custodial services and other costs relating to investment activities are generally more expensive in less-developed markets than in developed markets. Such markets have different clearance and settlement procedures, and settlements may lag, making it difficult

to close securities transactions. Satisfactory custodial services may be unavailable and the Funds may experience additional costs and delays in transporting and maintaining custody of securities outside such countries. The inability to dispose of a portfolio security on a timely basis due to settlement problems could result in losses to the Funds.

Disclosure and regulatory standards in emerging markets are in many respects less stringent than those in other international securities markets, with a low level of monitoring and regulation of the market and market participants, and limited and uneven enforcement of existing regulations. Consequently, the prices at which the Funds may acquire investments may be affected by other market participants' anticipation of the Funds' investing and by trading by persons with material non-public information. There may be less publicly available information about an issuer in a less-developed market than would be available in a developed market, and the issuer may not be subject to accounting, auditing and financial reporting standards comparable to those of companies in developed markets. Balance sheet and income statement data appearing in the financial statements of emerging markets issuers may not reflect the financial position or results of operations of such issuers in the same way as financial statements prepared in accordance with generally accepted accounting principles in the United States, Western Europe or Japan. Emerging markets issuers that operate in certain inflationary economies may be required to keep records according to inflation accounting rules that require that certain balance sheet assets and liabilities be restated annually in order to express such items in terms of currency of constant purchasing power. This process may indirectly generate losses or profits. As a result, traditional investment measurements, such as price/earnings ratios, may not be useful in certain emerging markets.

In emerging markets, there may be less government supervision and regulation of business and industry practices, stock exchanges, over-the-counter markets, brokers, dealers and issuers than in other more established countries. Whatever supervision is in place may be subject to manipulation, control or undue influence by certain individuals or groups in power. While many emerging market countries have mature legal systems comparable to those of more developed countries, others do not. Moreover, the process of legal and regulatory reform may not be proceeding at the same pace as market developments which could result in investment risk. Legislation to safeguard the rights of private ownership may not yet be in place in certain areas, and there may be the risk of conflict among local, regional and national requirements. In certain cases, the laws and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary appreciation or interpretation. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. There may also be a lack of proper checks and balances or other procedures in place to ensure proper division of power among the different branches of government or political groups. The Funds may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in non-U.S. courts.

Taxation of interest, dividends, capital gains, gross proceeds and other income received by non-residents varies among emerging countries and, in some cases, tax rates may be high. In addition, emerging countries typically have less well-defined tax laws and procedures. With respect to certain countries, there is a possibility of expropriation, confiscatory taxation and imposition of withholding or other taxes on dividends, interest, capital gains or other income. Prospective investors should note that a substantial portion of the Funds' investments will be made in emerging market countries.

Some countries in which the Funds may invest have experienced substantial rates of inflation in recent years. Inflation and rapid fluctuations in inflation rates have had, and may in the future have, negative effects on the economies and securities markets of certain emerging economies. There can be no assurance that inflation will not become a serious problem in the future and have an adverse impact on the Funds' investments in these countries or the Funds' returns from such investments.

Global Macro

Queenscliff's global macro investing with respect to the Funds will consist primarily of trading in global fixed-income, currency and equity markets, and their related derivatives, in order to exploit fundamental, economic, financial and political imbalances that may exist in and between markets throughout the world. The success of Queenscliff's global macro investment strategy depends on the its ability to identify and exploit such perceived imbalances. Identification and exploitation of such imbalances involves significant uncertainties. There can be no assurance that Queenscliff will be able to locate investment opportunities or to exploit such imbalances. In the event that the theses underlying the Funds' positions fail to be borne out in developments expected by Queenscliff, the Funds may incur losses, which could be substantial.

Long/Short

The identification of investment opportunities in the implementation of the Funds' long/short investment strategies is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. In the event that the perceived opportunities underlying the Funds' positions were to fail to converge toward, or were to diverge further from values expected by Queenscliff, the Funds may incur a loss. In the event of market disruptions, significant losses can be incurred which may force the Funds to close out one or more positions. Furthermore, the valuation models used to determine whether a position presents an attractive opportunity consistent with Queenscliff's long/short strategies may become outdated and inaccurate as market conditions change.

Short-Selling.

The extent to which Queenscliff engages in short sales will depend upon its investment strategy and opportunities. A short sale creates the risk of a theoretically unlimited loss, in that the price

of the underlying financial instrument could theoretically increase without limit, thus increasing the cost to the Funds of buying those financial instruments to cover the short position. There can be no assurance that the Funds will be able to maintain the ability to borrow financial instruments sold short. In such cases, the Funds can be "bought in" (*i.e.*, forced to repurchase financial instruments in the open market to return to the lender). There also can be no assurance that the financial instruments necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing financial instruments to close out a short position can itself cause the price of the instruments to rise further, thereby exacerbating the loss. Short strategies can also be implemented synthetically through various instruments and be used with respect to indices or in the over-the-counter market and with respect to futures and other instruments. In some cases of synthetic short sales, there is no floating supply of an underlying instrument with which to cover or close out a short position and the Funds may be entirely dependent on the willingness of over-the-counter market makers to quote prices at which the synthetic short position may be unwound. There can be no assurance that such market makers will be willing to make such quotes. Short strategies can also be implemented on a leveraged basis. Lastly, even though the Funds secure a "good borrow" of the financial instrument sold short at the time of execution, the lending institution may recall the lent financial instrument at any time, thereby forcing the Funds to purchase the financial instrument at the then-prevailing market price which may be higher than the price at which such financial instrument was originally sold short by the Funds.

Relative Value

Relative value investment strategies generally use spread trades consisting of a long position in one financial instrument offset by a short position in another. Such offsetting positions are meant to neutralize or reduce risk. The portfolio profits if Queenscliff's relative valuation leads to a rise in the value of the long position(s) and/or a decline in the value of the short position(s). The success of the Funds' relative value investment strategy depends on Queenscliff's ability to identify and exploit perceived inefficiencies in the pricing of financial instruments, financial products, or markets. Identification and exploitation of such discrepancies involve uncertainty. There can be no assurance that Queenscliff will be able to locate investment opportunities or to exploit pricing inefficiencies in the securities markets. Mispricings, even if correctly identified, may not be corrected by the market, at least within a timeframe over which it is feasible for Queenscliff to maintain a position. Even pure arbitrage positions can result in significant losses if the Queenscliff is not able to maintain both sides of the position until expiration/maturity. A reduction in the pricing inefficiency of the markets in which Queenscliff seeks to invest will reduce the scope for the Funds' investment strategies. In the event that the perceived mispricings underlying the Funds' positions were to fail to converge toward, or were to diverge further from, relationships expected by Queenscliff, the Fund may incur losses. Even if the Funds' relative value investment strategy is successful, it may result in high portfolio turnover and, consequently, high transaction costs.

Long-Term Investment Strategies

Queenscliff may pursue investment opportunities for the Funds that seek to maximize asset value or create market opportunities on a long-term basis. In pursuing such long-term strategies, the Funds may forego value in the short term or temporary investments in order to be able to avail the Funds of additional and/or longer-term opportunities in the future. Consequently, the Funds may not capture maximum available value in the short term, which may be disadvantageous, for example, for Investors who withdraw all or a portion of their capital accounts before such long-term value may be realized by the Funds.

Short-Term Market Considerations

Queenscliff's trading decisions may be made on the basis of short-term market considerations, and the portfolio turnover rate could result in significant trading related expenses.

Leverage and Borrowing

Leverage for Investment Purposes. Queenscliff may use leverage as part of the investment program. Leverage may take the form of, among other things, certain of the financial instruments described below, including, without limitation, derivative instruments which are inherently leveraged and products with embedded leverage such as options, short sales, swaps and forwards, as well as borrowing on margin. The use of leverage will allow Queenscliff to make additional investments, thereby increasing the Funds' exposure to assets, such that its total assets may be greater than its capital. However, leverage will also magnify the volatility of changes in the value of the Funds' portfolio. The effect of the use of leverage by the Funds in a market that moves adversely to its investments could result in substantial losses to the Funds which would be greater than if the Funds were not leveraged.

Borrowing for Cash Management Purposes. The Funds will have the authority to borrow money for cash management purposes and to satisfy withdrawal requests. The rates and terms on which the Funds can borrow will affect the operating results of the Funds.

Collateral. The instruments and borrowings utilized by Queenscliff to leverage investments in the Funds may be collateralized by all or a portion of the Funds' portfolio. Accordingly, the Funds may pledge their financial instruments in order to borrow or otherwise obtain leverage for investment or other purposes. Should the financial instruments pledged to brokers to secure the Funds' margin accounts decline in value, the Funds could be subject to a "margin call", pursuant to which the Funds must either deposit additional funds or financial instruments with the broker or suffer mandatory liquidation of the pledged financial instruments to compensate for the decline in value. The banks and dealers that provide financing to the Funds can apply essentially discretionary margin, haircut, financing and collateral valuation policies. Changes by

counterparties in any of the foregoing may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous prices. Lenders which provide other types of asset-based or secured financing to the Funds may have similar rights. There can be no assurance that the Funds will be able to secure or maintain adequate financing.

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

Lending of Portfolio Securities

Queenscliff may lend the Funds securities on a collateralized and an uncollateralized basis from its portfolio to creditworthy securities firms and financial institutions. While a securities loan is outstanding, the Funds will continue to receive the equivalent of the interest or dividends paid by the issuer on the securities, as well as interest on the investment of the collateral or a fee from the borrower. The risks in lending securities, as with other extensions of secured credit, if any, consist of possible delay in receiving additional collateral, if any, or in recovery of the securities or possible loss of rights in the collateral, if any, should the borrower fail financially.

Diversification and Concentration

In the normal course of making investments on behalf of the Funds, Queenscliff will attempt to diversify its investments. However, the Funds' portfolio could become significantly concentrated in any one issuer, industry, sector, strategy, country or geographic region, and such concentration of risk may increase the losses suffered by the Funds. In addition, it is possible that Queenscliff may select investments that are concentrated in a limited number or types of financial instruments. This limited diversification could expose the Funds to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in those financial instruments.

Hedging Transactions

Queenscliff may utilize financial instruments for risk management purposes in order to: (i) protect against possible changes in the market value of the Funds' investment portfolio resulting from fluctuations in the markets and changes in interest rates; (ii) protect the Funds' unrealized gains in the value of its investment portfolio; (iii) facilitate the sale of any financial instruments; (iv) enhance or preserve returns, spreads or gains on any financial instrument in the Funds' portfolio; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any of the Funds' financial instruments; (vii) protect against any increase in the price of any financial instruments the Funds anticipate purchasing at a later date; or (viii) act for any other reason that Queenscliff deems appropriate. The Funds will not be required to hedge any particular risk in connection with a particular transaction or its portfolio generally. While

the Funds may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Funds than if it had not engaged in any such hedging transaction. Moreover, the portfolio will always be exposed to certain risks that may not be hedged.

Fundamental Analysis

Certain trading decisions made by Queenscliff may be based on fundamental analysis. Data on which fundamental analysis relies may be inaccurate or may be generally available to other market participants. To the extent that any such data are inaccurate or that other market participants have developed, based on such data, trading strategies similar to the Funds' trading strategies, the Funds may not be able to realize their investment goals. In addition, fundamental market information is subject to interpretation. To the extent that Queenscliff misinterprets the meaning of certain data, the Funds may incur losses.

Equity Securities Generally

The value of equity securities of public and private, listed and unlisted companies and equity derivatives generally varies with the performance of the issuer and movements in the equity markets. As a result, the Funds may suffer losses if it invests in equity instruments of issuers whose performance diverges from Queenscliff's expectations or if equity markets generally move in a single direction and the Funds have not hedged against such a general move. The Funds also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

Preferred Stock

Investments in preferred stock involve risks related to priority in the event of bankruptcy, insolvency or liquidation of the issuing company and how dividends are declared. Preferred stock ranks junior to debt securities in an issuer's capital structure and, accordingly, is subordinate to all debt in bankruptcy. Preferred stock generally has a preference as to dividends. Such dividends are generally paid in cash (or additional shares of preferred stock) at a defined rate, but unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Dividends on preferred stock may be cumulative, meaning that, in the event the issuer fails to make one or more dividend payments on the preferred stock, no dividends may be paid on the issuer's common stock until all unpaid preferred stock dividends have been paid. Preferred stock may also be subject to optional or mandatory redemption provisions.

Restricted Securities

Restricted securities cannot be sold to the public without registration under the Securities Act. Unless registered for sale, restricted securities can be sold only in privately negotiated transactions or pursuant to an exemption from registration (*e.g.*, under Rule 144A of the Securities Act). Although these securities may be resold in privately negotiated transactions, because there is often little liquidity for these securities, they may be difficult and take a substantial amount of time to sell, and the prices realized from these sales could be less than those originally paid by the Funds. Restricted securities may involve a high degree of business and financial risk which may result in substantial losses.

Unlisted Securities

Unlisted securities may involve higher risks than listed securities. Because of the absence of any trading market for unlisted securities, it may take longer to liquidate, or it may not be possible to liquidate, positions in unlisted securities than would be the case for publicly traded securities. Companies whose securities are not publicly traded may not be subject to public disclosure and other investor protection requirements applicable to publicly traded securities.

American Depositary Receipts and Global Depositary Receipts

American Depositary Receipts ("ADRs") are receipts issued by a U.S. bank or trust company evidencing ownership of underlying securities issued by foreign issuers. ADRs may be listed on a national securities exchange or may be traded in the over-the-counter market. Global Depositary Receipts ("GDRs") are receipts issued by either a U.S. or non U.S. banking institution representing ownership in a non-U.S. company's publicly traded securities that are traded on foreign stock exchanges or foreign over-the-counter markets. Holders of unsponsored ADRs or GDRs generally bear all the costs of such facilities. The depository of an unsponsored facility frequently is under no obligation to distribute investor communications received from the issuer of the deposited financial instrument or to pass through voting rights to the holders of depository receipts in respect of the deposited securities. Investments in ADRs and GDRs pose, to the extent not hedged, currency exchange risks (including blockage, devaluation and non-exchangeability), as well as a range of other potential risks relating to the underlying shares, which could include expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, political or social instability or diplomatic developments that could affect investments in those countries, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding the underlying shares of ADRs and GDRs, and non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to, or as uniform as, those of U.S. companies. Such risks may have a material adverse effect on the performance of such investments and could result in substantial losses.

Debt Securities Generally

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

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

Prepayment Risk. The frequency at which prepayments (including voluntary prepayments by the obligors and accelerations due to defaults) occur on financial instruments will be affected by a variety of factors including the prevailing level of interest rates and spreads as well as economic, demographic, tax, social, legal and other factors. Generally, obligors tend to prepay their fixed rate obligations when prevailing interest rates fall below the coupon rates on their obligations. Similarly, floating rate issuers and borrowers tend to prepay their obligations when spreads narrow.

In general, "premium" securities (securities whose market values exceed their principal or par amounts) are adversely affected by faster than anticipated prepayments, and "discount" securities (securities whose principal or par amounts exceed their market values) are adversely affected by slower than anticipated prepayments. Since many fixed rate obligations will be discount instruments when interest rates and/or spreads are high, and will be premium instruments when interest rates and/or spreads are low, such debt instruments may be adversely affected by changes in prepayments in any interest rate environment.

The adverse effects of prepayments may impact the Funds' portfolio in two ways. First, particular investments may experience outright losses, as in the case of an interest-only instrument in an environment of faster actual or anticipated prepayments. Second, particular investments may underperform relative to hedges that Queenscliff may have constructed for these investments, resulting in a loss to the Funds' overall portfolio. In particular, prepayments (at par) may limit the potential upside of many instruments to their principal or par amounts, whereas their corresponding hedges often have the potential for unlimited loss.

Corporate Debt. The Funds may invest in bonds, notes and debentures issued by corporations. These instruments may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. The Funds may invest in corporate debt

instruments that have experienced or are contemplated to experience ratings downgrades. Other instruments may have the lowest quality ratings or may be unrated. Credit ratings evaluate the safety of the principal and interest payments, not the market value risk of lower-rated instruments. Such ratings also do not reflect macroeconomic or systemic risk, including the risk of increased illiquidity in the credit markets. It is also possible that a rating agency might not change its rating of a particular issue on a timely basis and, as a result, outstanding ratings may not reflect the issuer's current credit standing. Conversely, rating agencies may re-rate an instrument which could cause substantial loss as the ratings are downgraded. The Funds' investments may experience significant credit rating volatility. In addition, the Funds may be paid interest in kind in connection with its investments in corporate debt and related financial instruments (*e.g.*, the principal owed to the Funds in connection with a debt investment may be increased by the amount of interest due on such debt investment). Such investments may experience greater market value volatility than debt obligations that provide for regular payments of interest in cash and, in the event of a default, the Funds may experience substantial losses.

Mezzanine Debt. Mezzanine debt is typically junior to the obligations of a company to senior creditors, trade creditors and employees. The ability of the Funds to influence a company's affairs, especially during periods of financial distress or following an insolvency, will be substantially less than that of senior creditors. Mezzanine debt instruments are often issued in connection with leveraged acquisitions or recapitalizations in which the issuers incur a substantially higher amount of indebtedness than the level at which they had previously operated. Default rates for mezzanine debt instruments have historically been higher than for investment-grade instruments. In the event of the insolvency of a portfolio company of the Funds or similar event, the Funds' debt investment therein will be subject to fraudulent conveyance, subordination and preference laws.

High-Yield. Bonds or other fixed-income securities that are "higher yielding" (including non-investment grade) debt securities are generally not exchange traded and, as a result, these securities trade in the over-the-counter marketplace which is less transparent and has wider bid/ask spreads than the exchange-traded marketplace. High-yield securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments. High-yield securities are generally more volatile and may or may not be subordinated to certain other outstanding securities and obligations of the issuer, which may be secured by substantially all of the issuer's assets. High-yield securities may also not be protected by financial covenants or limitations on additional indebtedness. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities which react primarily to fluctuations in the general level of interest rates, and tend to be

more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities may be highly leveraged and may not have available to them more traditional methods of financing. In addition, the Funds may invest in bonds of issuers that do not have publicly-traded equity securities, making it more difficult to hedge the risks associated with such investments.

Zero-Coupon and Deferred Interest Bonds. The Funds may invest in zero coupon bonds and deferred interest bonds, which are debt obligations issued at a significant discount from face value. The original discount approximates the total amount of interest the bonds will accrue and compound over the period until maturity or the first interest accrual date at a rate of interest reflecting the market rate of the security at the time of issuance. While zero coupon bonds do not require the periodic payment of interest, deferred interest bonds generally provide for a period of delay before the regular payment of interest begins. Such investments experience greater volatility in market value due to changes in interest rates than debt obligations that provide for regular payments of interest.

Stressed Debt. The Funds may invest in debt obligations of stressed issuers. Stressed issuers are issuers that are not yet deemed distressed or bankrupt and whose debt securities are trading at a discount to par, but not yet at distressed levels. An example would be an issuer that is in technical default of its credit agreement, or undergoing strategic or operational changes, which results in market pricing uncertainty. The market prices of stressed and distressed instruments are highly volatile, and the spread between the bid and the ask prices of such instruments is often unusually wide.

Non-Performing Nature of Debt. Certain debt instruments purchased by Queenscliff for the Funds may be non-performing and possibly in default. Furthermore, the obligor or relevant guarantor may also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments, if any, with respect to the loans.

Troubled Origination. The investments chosen by Queenscliff may have been originated by financial institutions or other entities that are insolvent, in serious financial difficulty, or no longer in existence. As a result, the standards by which such investments were originated, the recourse to the selling institution, or the standards by which such investments are being serviced or operated may be adversely affected.

Sovereign Debt. Queenscliff may invest, on behalf of the Funds, in financial instruments issued by a government, its agencies, instrumentalities or its central bank ("Sovereign Debt"). Sovereign Debt may include financial instruments that Queenscliff believes are likely to be included in restructurings of the external debt obligations of the issuer in question. The ability of an issuer to make payments on Sovereign Debt, the market value of such debt and the inclusion of Sovereign Debt in future restructurings may be affected

by a number of other factors, including such issuer's (i) balance of trade and access to international financing, (ii) cost of servicing such obligations, which may be affected by changes in international interest rates, and (iii) level of international currency reserves, which may affect the amount of foreign exchange available for external debt payments. Significant ongoing uncertainties and exposure to adverse conditions may undermine the issuer's ability to make timely payment of interest and principal, and issuers may default on their Sovereign Debt.

Equitable Subordination. Under common law principles that in some cases form the basis for lender liability claims, if a lender (i) intentionally takes an action that results in the undercapitalization of a borrower or issuer to the detriment of other creditors of such borrower or issuer, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (iv) uses its influence as a stockholder to dominate or control a borrower or issuer to the detriment of other creditors of such borrower or issuer, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors (a remedy called "equitable subordination"). If the Funds engage in such conduct, the Funds may be subject to claims from creditors of an obligor that debt held by the Funds should be equitably subordinated.

Convertible Securities

A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by the Funds is called for redemption, the Funds will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on the Funds' ability to achieve its investment objective.

ABS Generally

The investment characteristics of asset-backed securities ("ABS") differ from traditional debt securities. Among the major differences are that interest and principal payments are made more frequently, usually monthly, and that the principal may be prepaid at any time because the underlying loans or other assets generally may be prepaid at any time.

ABS Securities. Investments in ABS involves greater credit risk of default than the senior classes of the issue or series. Default risks may be further pronounced in the case of ABS secured by, or evidencing an interest in, a relatively small or less diverse pool of underlying loans. Certain subordinated securities absorb all losses from default before any other class of securities is at risk, particularly if such securities have been issued with little or no credit enhancement or equity. Such securities, therefore, possess some of the attributes typically associated with equity investments.

ABS. Through the use of trusts and special purpose corporations, various types of assets, primarily automobile and credit card receivables, are securitized in pass through structures. Queenscliff may invest the Funds either directly or indirectly, through CDOs, in these and other types of ABS that may be developed in the future.

ABS does not have the benefit of a security interest in the related collateral. Credit card receivables, for example, are generally unsecured and the debtors are entitled to the protection of a number of state and federal consumer loan laws, many of which give such debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. Most issuers of ABS backed by automobile receivables permit the servicers to retain possession of the underlying obligations. If the servicer were to sell these obligations to another party, there is a risk that the purchaser would acquire an interest superior to that of the holders of the related ABS. In addition, because of the large number of vehicles involved in a typical issuance and technical requirements under state laws, the trustee for the holders of the ABS may not have a proper security interest in all of the obligations backing such ABS. Therefore, there is a possibility that recoveries on repossessed collateral may not, in some cases, be available to support payments on these securities. The risk of investing in ABS is ultimately dependent upon payment of consumer loans by the debtor.

The collateral supporting ABS is of shorter maturity than certain other types of loans and is less likely to experience substantial prepayments. ABS are often backed by pools of any variety of assets, including, for example, leases, mobile home loans and aircraft leases, which represent the obligations of a number of different parties and use credit enhancement techniques such as letters of credit, guarantees or preference rights. The value of an ABS is affected by changes in the market's perception of the asset backing the security and the creditworthiness of the servicing agent for the loan pool, the originator of the loans or the financial institution providing any credit enhancement, as well as by the expiration or removal of any credit enhancement.

Collateralized Obligations Generally

The Funds may invest in collateralized debt obligations ("CDOs") and collateralized loan obligations ("CLOs"). The portfolio may include a variety of different types of products including CDO and CLO equity, multi-sector CDO equity, trust preferred CDO equity and CLO debt. CDOs are subject to credit, liquidity and interest rate risks, which are each discussed in greater detail above. The CDO equity purchased by the Funds will most likely be unrated or non-investment grade. As a holder of CDO equity, the Funds will have limited remedies available upon the default of the CDO. The Funds may be unable to find a sufficient number of attractive opportunities to meet its investment objective or fully invest its committed capital. For example, from time to time, the market for CDO transactions has been adversely affected by a decrease in the availability of senior and subordinated financing for transactions, in part in

response to regulatory pressures on providers of financing to reduce or eliminate their exposure to such transactions. CDOs often invest in concentrated portfolios of assets. The concentration of an underlying portfolio in any one obligor would subject the related CDOs to a greater degree of risk with respect to defaults by such obligor and the concentration of a portfolio in any one industry would subject the related CDOs to a greater degree of risk with respect to economic downturns relating to such industry.

The value of the CDOs owned by the Funds generally will fluctuate with, among other things, the financial condition of the obligors or issuers of the underlying portfolio of assets of the related CDO ("CDO Collateral"), general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. Consequently, holders of CDOs must rely solely on distributions on the CDO Collateral or proceeds thereof for payment in respect thereof. If distributions on the CDO Collateral are insufficient to make payments on the CDOs, no other assets will be available for payment of the deficiency and following realization of the CDOs, the obligations of such issuer to pay such deficiency generally will be extinguished. CDO Collateral may consist of high-yield debt securities, loans, asset-backed securities and other securities, which often are rated below investment grade (or of equivalent credit quality). High-yield debt securities generally are unsecured (and loans may be unsecured) and may be subordinated to certain other obligations of the issuer thereof. The lower ratings of high-yield securities and below investment grade loans reflect a greater possibility that adverse changes in the financial condition of an issuer or in general economic conditions or both may impair the ability of the related issuer or obligor to make payments of principal or interest. Such investments may be speculative.

Undervalued Securities

The Funds may invest in securities of companies which Queenscliff believes to be undervalued. However, the identification of investment opportunities in undervalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Funds' investments may not adequately compensate for the business and financial risks assumed.

Distressed Obligations

The Funds may invest in obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. These obligations are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is the fact that it frequently may be

difficult to obtain information as to the true condition of such issuers. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate, recharacterize debt as equity or disenfranchise particular claims. Such companies' obligations may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. In addition, there is no minimum credit standard that is a prerequisite to the Funds' investments in any financial instrument, and of the obligations in which the Funds invest may be less than investment grade. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that value of the assets collateralizing the Funds' investments will be sufficient or that prospects for a successful reorganization or similar action will become available. In any reorganization or liquidation proceeding relating to a company in which the Funds invest, the Funds may lose their entire investment, may be required to accept cash or financial instruments with a value less than its original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from the Funds' investments may not compensate the Investors adequately for the risks assumed. In addition, under certain circumstances, payments and distributions may be disgorged if any such payment is later determined to have been a fraudulent conveyance or a preferential payment. In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new financial instrument, the value of which will be less than the purchase price to the Funds of the financial instrument in respect to which such distribution was made.

Exchange-Traded Funds

The Funds may invest in Exchange-Traded Funds ("ETFs"), which are shares of publicly traded unit investment trusts, open-end funds or depository receipts that seek to track the performance and dividend yield of specific indexes or companies in related industries. These

indexes may be either broad-based, sector, or international. However, ETF shareholders are generally subject to the same risk as holders of the underlying Financial Instruments they are designed to track. ETFs are also subject to certain additional risks, including, without limitation, the risk that their prices may not correlate perfectly with changes in the prices of the underlying financial instruments they are designed to track, and the risk of trading in an ETF halting due to market conditions or other reasons, based on the policies of the exchange upon which the ETF trades. In addition, the Funds may bear, along with other shareholders of an ETF, its *pro rata* portion of the ETF's expenses, including management fees. Accordingly, in addition to bearing

their proportionate share of the Funds' expenses (e.g., Management Fees and operating expenses), Investors may also indirectly bear similar expenses of an ETF.

Micro-, Small- and Medium-Capitalization Companies

The Funds may invest in securities of micro- and smaller-capitalization companies. Such securities involve higher risks in some respects than do investments in securities of larger "blue-chip" companies. For example, prices of securities of micro- and small-capitalization and even medium-capitalization companies are often more volatile than prices of securities of large-capitalization companies and may not be based on standard pricing models that are applicable to securities of large-capitalization companies. Furthermore, the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) may be higher than for larger, "blue-chip" companies. Finally, due to thin trading in the securities of some micro and small-capitalization companies, an investment in those companies may be less liquid than large-capitalization companies.

Currencies

A principal risk in trading currencies is the rapid fluctuation in the market prices of currency contracts. Prices of currency contracts traded by the Funds are affected generally by relative interest rates, which in turn are influenced by a wide variety of complex and difficult to predict factors such as money supply and demand, balance of payments, inflation levels, trade deficits, budget deficits, national savings rates, fiscal policy, and political and economic events. In addition, governments from time to time intervene, directly and by regulation, in these markets, with the specific effect, or intention, of influencing prices which may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

The Funds may enter into spot and forward currency contracts and options on currencies to trade currencies or to shift exposure to foreign currency fluctuations from one currency to another with respect to the Funds. Currency transactions made on a spot basis are for cash at the spot rate prevailing in the currency market for buying or selling currency. A forward currency contract, which involves an obligation to purchase or sell a specific currency at a future date at a price set at the time of the contract, reduces the Funds' exposure with respect to its investment to changes in the value of the currency it will deliver and increases its exposure to changes in the value of the currency it will receive for the duration of the contract.

Currency trading is subject to risks different from those of other transactions. In countries where exchange rate control is of great importance and influences economic planning and policy, purchases and sales of currency and related instruments can be negatively affected by government exchange controls, blockages, and manipulations or exchange restrictions imposed by governments. These government actions can result in losses to the Funds if it is unable to deliver or receive currency or funds in settlement of obligations. Furthermore, settlement of a

currency forward contract for the purchase of most currencies must occur at a bank based in the issuing nation.

Under normal market conditions, transactions involving the US Dollar and emerging market currencies are expected to be executed quickly and with low transaction costs. However, in periods of market stress, the instruments necessary to permit the Funds to execute its investment program may not generally be available or may not, in Queenscliff's judgment, be economically priced. In addition, following a significant decline in the net asset value of the Funds, or a significant loss by the Funds on the emerging market currency portfolio, counterparties may be unwilling to continue to offer currency instruments to the Funds and may have the ability to terminate the master agreements relating to the existing currency instruments and all currency transactions documented thereunder. Finally, the Funds' counterparties are not contractually obligated to offer currency instruments to the Funds' following the maturity of a given transaction or to increase the size of a transaction at the Funds' request.

Commodities

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

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

transport, store and deliver the agricultural commodity. As a result, the net assets of the Funds may be affected by such factors.

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

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

Cash Commodities. The Funds may from time to time trade physical or cash commodities for immediate or deferred delivery. Cash transactions relate to the purchase and sale of specific physical commodities and such contracts may differ from each other with respect to terms such as quantity, grade, mode of shipment, terms of payment, penalties and risk of loss. There is no limit on daily price movements of cash commodities and banks, brokerage firms, and dealers in cash commodities are not required to continue to make markets in any commodity. Lastly, the Commodity Futures Trading Commission ("CFTC") does not comprehensively regulate cash transactions, which are subject to the risk of the foregoing entities' failure, inability or refusal to perform with respect to such contract.

Derivative Instruments Generally

The Funds may enter into swaps, options and other derivative instruments. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk, and operations risk. Derivatives traded over-the-counter may not have an authoritative source of valuation and the models used to value such derivatives is subject to change. In addition, the Funds may, in the future, take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available. Special risks may apply in the future that cannot be determined at this time. The regulatory and

tax environment for derivative instruments in which the Funds may participate is evolving, and changes in the regulation or taxation of such financial instruments may have a material adverse effect on the Funds.

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

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

Index or Index Options. The Funds may also purchase and sell indices as well as call and put options on indices, whether or not stock indices listed on securities exchanges or traded in the over-the-counter market. An index or index option fluctuates with changes in the market values of the financial instruments included in the index. Because the value of an index or index option depends upon movements in the level of the index rather than the price of a particular financial instrument, whether the Funds will realize appreciation or depreciation from the purchase or writing of options on indices depends upon movements in the level of instrument prices in the financial instrument market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular financial instruments.

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

Swaps. The Funds may enter into swap agreements and options on swap agreements ("swaptions"). These agreements can be individually negotiated and structured to include exposure to a variety of different types of investments, asset classes or market factors. The Funds, for instance, may enter into swap agreements with respect to interest rates, credit defaults, currencies, financial instruments, indexes of Financial Instruments and other assets or other measures of risk or return. Depending on their structure, swap agreements may increase or decrease the Funds' exposure to, for example, equity financial instruments, long-term or short-term interest rates, foreign currency values, credit spreads or other factors. Swap agreements can take many different forms and are known by a variety of names. The Funds are not limited to any particular form of swap agreement. Whether the Funds' use of swap agreements or swaptions will be successful will depend on Queenscliff's ability to select appropriate transactions for the Funds. Swap transactions may be highly illiquid and may increase or decrease the volatility of the Funds' portfolio. Moreover, the Funds bear the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. The Funds will also bear the risk of loss related to swap agreements, for example, for breaches of such agreements or the failure of the Funds to post or maintain required collateral. Many swap markets are relatively new and still developing. It is possible that developments in the swap markets, including potential government regulation, could adversely affect the Funds' ability to terminate swap transactions or to realize amounts to be received under such transactions.

Credit Default Swaps. The Funds may invest in credit default swaps. A credit default swap is a contract between two parties which transfers the risk of loss if a company fails to pay principal or interest on time or files for bankruptcy. In essence, an owner of corporate debt instruments can purchase default protection by entering into a credit default swap with a bank, broker-dealer or other party. Upon an event of default, the swap may be terminated in one of two ways: (i) by the purchaser of credit protection delivering the referenced instrument to the swap counterparty and receiving a payment of

par value, or (ii) by the parties pairing off payments, with the purchaser of the protection receiving a payment equal to the par value of the reference security less the price at which the reference security trades subsequent to default. Credit default swaps can be used by the Funds to hedge a portion of the default risk on a single corporate bond or a portfolio of bonds or to implement a view that a particular credit, or group of credits, will experience credit improvement. In the case of expected credit improvement, the Funds may sell credit default protection in which it receives a premium to take on the risk. In such an instance, the obligation of the Funds to make payments upon the occurrence of a credit event creates leveraged exposure to the credit risk of the referenced entity. The Funds may also "purchase" credit default protection even in the case in which it does not own the referenced instrument if, in the judgment of Queenscliff, there is a high likelihood of credit deterioration. The credit default swap market for some securities is comparatively new and rapidly evolving compared to the credit default swap market for more seasoned and liquid investment grade securities. Swap transactions dependent upon credit events are priced incorporating many variables, including the pricing and volatility of the common stock, potential loss upon default and the shape of the U.S. Treasury Yield Curve, among other factors. As such, there are many factors upon which market participants may have divergent views. The Funds may also enter into credit default swap transactions, even if the credit outlook is positive, if it believes that participants in the marketplace have incorrectly valued the components which determine the value of a swap.

Futures Contracts. The value of futures depends upon the price of the financial instruments, such as commodities, underlying them. The prices of futures are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, as well as national and international political and economic events and policies. In addition, investments in futures are also subject to the risk of the failure of any of the exchanges on which the Funds' positions trade or of its clearing houses or counterparties. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Funds from promptly liquidating unfavorable positions and subject the Funds to substantial losses or prevent it from entering into desired trades. Also, low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a Financial Instrument or contract can produce a disproportionately larger profit or loss. In

extraordinary circumstances, a futures exchange or the CFTC could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

Forward Contracts. The Funds may enter into over-the-counter forward contracts for the trading of certain futures interests, such as currencies and interest rates, through banks and currency and rates dealers. A forward contract is a contractual obligation to buy or sell a specified quantity of a financial instrument or commodity at or before a specified date in the future at a specified price and, therefore, is similar to a futures contract. Banks and dealers act as principals in such markets. Banking authorities generally do not regulate trading in forward contracts. The principals who deal in the forward contract market are not required to continue to make markets in such contracts. There have been periods during which certain participants in forward markets have refused to quote prices for forward contracts or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. The imposition of credit controls or price risk limitations by governmental authorities may limit such forward trading to less than that which Queenscliff would otherwise recommend, to the possible detriment of the Funds. In its forward trading, the Funds will be subject to the risk of the failure of, or the inability or refusal to perform with respect to its forward contracts by, the principals with which the Funds trade. The Funds' assets on deposit with such principals will also generally not be protected by the same segregation requirements imposed on certain regulated brokers in respect of customer funds on deposit with them. Queenscliff may order trades for the Funds in such markets through agents. Accordingly, the insolvency or bankruptcy of such parties could also subject the Funds to the risk of loss.

Contracts for Differences. The Funds may invest in contracts for differences ("CFDs"), which are privately negotiated contracts between two parties, buyer and seller, stipulating that the seller will pay to or receive from the buyer the difference between the nominal value of the underlying instrument at the opening of the contract and that instrument's value at the end of the contract. The underlying instrument may be a single financial instrument, stock basket or index. A CFD can be set up to take either a short or long position on the underlying instrument. The buyer and seller are both required to post margin, which is adjusted daily. The buyer will also pay to the seller a financing rate on the notional amount of the capital employed by the seller less the margin deposit. A CFD is usually terminated at the buyer's initiative. As is the case with owning any financial instrument, there is the risk of loss associated with buying a CFD. There may be liquidity risk if the underlying instrument is illiquid because the liquidity of a CFD is based on the liquidity of the underlying instrument. A further risk is that adverse movements in the underlying Financial Instrument will require the buyer to post additional margin. CFDs also carry counterparty risk, *i.e.*, the risk that the counterparty to the CFD transaction may

be unable or unwilling to make payments or to otherwise honor its financial obligations under the terms of the contract. If the counterparty were to do so, the value of the contract, and of the interests, may be reduced. Entry into a CFD transaction may, in certain circumstances, require the payment of an initial margin and adverse market movements against the underlying stock may require the buyer to make additional margin payments. CFDs may be considered illiquid. To the extent that there is an imperfect correlation between the return on the Funds' obligation to its counterparty under the CFDs and the return on related assets in its portfolio, the CFD transaction may increase the Funds' financial risk.

Illiquid Financial Instruments

While Queenscliff anticipates that the Funds will predominantly hold readily tradable financial instruments, the Funds may also invest in financial instruments that are subject to legal or other restrictions on transfer or for which no liquid market exists. There may be limited information available about the issuers of illiquid financial instruments that may make valuation of such financial instruments difficult or uncertain. The market prices, if any, for such investments tend to be volatile and may not be readily ascertainable, and Queenscliff 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. The sale of restricted and illiquid financial instruments often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of financial instruments eligible for trading on national securities exchanges or in the over-the-counter markets. The Funds may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. As a result, the Funds may be required to hold such financial instruments despite adverse price movements. Even those markets which Queenscliff expects to be liquid can experience periods, possibly extended periods, of illiquidity. Occasions have arisen in the past where previously liquid investments have rapidly become illiquid.

Item 9. Disciplinary Information

Queenscliff is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. Queenscliff does not have any required disclosures to this Item.

Item 10. Other Financial Industry Activities and Affiliations

Queenscliff is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons.

As previously discussed, Queenscliff's affiliate, Queenscliff Associates LLC is the General Partner of the Domestic Fund and Master Fund. Queenscliff and its management persons have no other relationships or arrangements with any related persons that are material to its advisory business or to its clients to be disclosed in this Item.

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

Queenscliff has adopted a Code of Ethics (the “Code”) that sets forth the standards of conduct expected of Queenscliff’s “Access Persons.” Access Persons include, generally, any partner, officer or director and any employee or other supervised person of Queenscliff who, in relation to the clients of Queenscliff, (i) has access to non-public information regarding any purchase or sale of securities, or non-public information regarding securities holdings, or (ii) is involved in making securities recommendations, executing securities recommendations, or has access to such recommendations that are non-public. All Queenscliff employees are deemed to be Access Persons.

In accordance with Section 204A of the Investment Advisers Act of 1940, Queenscliff’s Code contains written policies that it believes are reasonably designed to prevent the unlawful use of material non-public information by Queenscliff or any of its Access Persons and requires Access Persons to place the interests of the Funds above their own interests, as well as the interests of Queenscliff. The Code requires Access Persons to comply with applicable federal securities laws, and to promptly report violations of the Code to Queenscliff’s Chief Compliance Officer.

The Code also requires that Queenscliff’s Access Persons report their personal securities holdings and transactions and obtain pre-approval before effecting any personal transactions. In addition, Access Persons must provide annual holdings reports and quarterly transaction reports to the Chief Compliance Officer in accordance with Section 204A of the Investment Advisers Act of 1940. All Access Persons are provided with a copy of the Code and required to acknowledge receipt of the Code upon hire and annually thereafter.

Queenscliff’s principals and other Access Persons may invest directly in the Feeder Funds, which creates a potential conflict of interest to the extent it could cause Queenscliff to make different investment decisions than if such parties did not have such financial ownership interests. In addition, affiliates of Queenscliff may serve as general partners to investment related limited partnerships managed by Queenscliff and for which Queenscliff solicits investments. Access Persons having a material financial interest in securities recommended for the Funds may create a potential conflict of interest in that Access Persons could make improper use of information regarding Fund holdings or prospective holdings.

Queenscliff has established policies and procedures in the Code that it believes are reasonably designed to identify and resolve actual and potential conflicts with respect to investment opportunities in a manner it deems fair and equitable, including pre-clearance of personal trading, as described above, and regular monitoring of Access Persons’ transactions and trading patterns for actual or perceived conflicts of interest, including those conflicts that may arise as a

result of personal trades in the same or similar securities made at or about the same time those securities are traded for the Fund.

Investors in the Funds may arrange a time to review Queenscliff's Code by contacting the Chief Compliance Officer, William D. Corcoran, at (212) 610-2726.

Item 12. Brokerage Practices

Queenscliff has complete discretion in choosing the brokers or dealers to be used to effect particular transactions, as well as negotiating the commissions or markups and markdowns to be paid. Transactions for the Master Fund are allocated to brokers and dealers on the basis of numerous factors and not necessarily the lowest pricing. Subject to its duty to seek best execution, Queenscliff may consider the following factors: the ability of brokers and dealers to effect the transaction; the brokers' or dealers' facilities, reliability and financial responsibility; and the provision by the brokers of capital introduction, marketing assistance, consulting with respect to technology, operations and equipment, commitment of capital, access to the company management and access to deal flow.

Accordingly, the commission rates (or dealer markups and markdowns arising in connection with riskless principal transactions) charged to the Master Fund by brokers or dealers may be higher than those charged by other brokers or dealers that may not offer such services. Queenscliff need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread.

Subject to its duty to seek best execution, Queenscliff may also take into consideration research and other products or services provided by the broker executing trades, which are included in the commission rate. When Queenscliff uses client brokerage commissions (or markups or markdowns) to obtain research or other product or services, it receives a benefit because it does not have to produce or pay for the research, products, or services. In addition, Queenscliff may have an incentive to select a broker-dealer based on its interest in receiving the research or other products or services, rather than in the Funds' interest in receiving the most favorable commission costs. Queenscliff maintains policies and procedures to review the quality of execution including period reviews by its investment professionals.

Section 28(e) of the Securities Exchange Act of 1934, as amended, is a "safe harbor" that permits an investment manager to use commissions or "soft dollars" to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision making process. At this time, Queenscliff does not use "soft dollars" to obtain research or other products or services from broker-dealers; however, Queenscliff may elect to utilize "soft dollars" in the future.

Investors are not permitted to direct Queenscliff to execute transactions through a specific broker-dealer. In addition, because of the Master-Feeder structure previously described, Queenscliff does not currently aggregate orders for the purchase or sale of securities.

Item 13. Review of Accounts

Queenscliff performs various daily, weekly, monthly, quarterly, and periodic reviews of the Funds' portfolios. Such reviews are conducted by the Managing Principals, Pak-Chwee Yeoh and Phillip Towzell, and the Chief Compliance Officer, William D. Corcoran. Further, the Chief Compliance Officer periodically reviews the Funds' investments to ensure consistency with applicable law and regulations and with stated investment guidelines and objectives.

Queenscliff provides audited financial statements to Investors within 120 days of the Funds' fiscal year end. In addition, Investors will receive a written monthly report from Queenscliff that may include relevant Fund and/or market-related information such as performance and capital account value.

Item 14. Client Referrals and Other Compensation

Queenscliff is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. Queenscliff is also required to disclose any direct or indirect compensation that is provided for client referrals. Queenscliff is currently not involved in any such arrangements or relationships and therefore, has no disclosures pursuant to this Item.

Item 15. Custody

Queenscliff is deemed to have custody of Funds' assets pursuant to Rule 206(4)-2 under the Investment Advisers Act of 1940 (the "Custody Rule"). To ensure compliance with the Custody Rule, Queenscliff arranges for the Funds to be audited at least annually by an independent public accountant that is registered with, and subject to regular inspection by the Public Company Accounting Oversight Board, and distributes audited financial statements to all Investors within 120 days of the end of such Funds' fiscal years. Investors should carefully review such audited financial statements.

Item 16. Investment Discretion

Queenscliff has complete authority to exercise discretion on behalf of the Funds. Queenscliff has the authority to determine which financial instruments are bought and sold, the amount and price of those financial instruments, the brokers or dealer to be used for a particular transaction, and commissions or markups and markdowns paid.

Investors do not have the ability to impose limitations on Queenscliff's discretionary authority. Each Fund's investment strategy is set forth in detail in the Fund's offering documents. Investors must execute a subscription agreement in which they make various representations, including representations regarding their suitability to invest in a high-risk investment vehicle and grant Queenscliff a power of attorney to act on behalf of the Funds and their Investors.

Item 17. Voting Client Securities

Queenscliff has authority to vote securities on behalf of the Funds, and will only cast proxy votes in a manner consistent with the best interests of the Funds in accordance with Queenscliff's proxy voting policies and procedures. Investors in the Funds do not have authority to direct Queenscliff's vote in a particular solicitation.

Queenscliff has adopted proxy voting policies and procedures that address how Queenscliff votes proxies:

- Prior to voting any proxies, the Chief Compliance Officer determines if any material conflicts of interest related to the proxy in question exist. If no material conflict of interest is identified, the Chief Compliance Officer, together with the Managing Principals, determines the manner in which to vote the proxy, in accordance with Queenscliff's internal guidelines and in the best interest of the Funds.
- In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that Queenscliff maintains with persons having an interest in the outcome of certain votes, Queenscliff takes appropriate steps to ensure that its proxy voting decisions are made in the best interest of the Funds and are not the product of such conflict.
- Queenscliff may not vote every proxy. There may be situations in which refraining from voting is in the Funds' best interests, such as when Queenscliff's analysis of a particular proxy reveals that the cost of voting the proxy may exceed the expected benefit to the Funds (e.g. casting a vote in a foreign security may require that Queenscliff engage a translator or travel to a foreign country to vote in person).
- Queenscliff maintains a record of its proxy voting policies and procedures, proxy statements received, votes cast, all communications received, internal documentation that was material to voting decisions, as well as each request for proxy voting records received and Queenscliff's responses for five (5) years.

Investors in the Funds may arrange a time to review Queenscliff's proxy voting policies and procedures and proxy voting records by contacting the Chief Compliance Officer, William D. Corcoran, at (212) 610-2726.

Item 18. Financial Information

Queenscliff is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial conditions reasonably likely to impair its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy petition at any time during the past ten (10) years. As such, Queenscliff has no required disclosures pursuant to this Item.