

Item 1 Cover Page

Part 2A of Form ADV: Firm Brochure



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This brochure provides information about the qualifications and business practices of AlphaParity, LLC (the “Company”). If you have any questions about the contents of this brochure, please contact us by phone at 646-791-2600 or by email at emcgraw@alphaparity.com. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “SEC”) or by any state securities authority.

This Brochure also relates to AlphaParity Advisors, LLC (the “General Partner”); however, to the extent the qualifications and business practices of the General Partner are substantially similar to those of the Company, no specific mention of the General Partner is made herein.

Additional information about the Company also is available on the SEC's website at www.adviserinfo.sec.gov.

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

Item 2 Material Changes

Material Changes since the Last Update

We initially filed this brochure on November 30, 2013 and did not make any updates to it prior to this update. While this update to our brochure contains changes and updates to certain information, we do not feel they are material.

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Item 4 Advisory Business

Firm Description and Principal Owners

AlphaParity, LLC is an investment management firm with offices in New York City that designs and manages next generation portfolio diversification solutions for pension funds, alternative asset managers, and large family offices. The firm was founded in 2012 by Shlomo (Steve) Gross (Chief Investment Officer) and Joshua Smith (Head of Research). Mr. Gross and Mr. Smith previously worked together at Tudor Investment Corporation. AlphaParity Funding LLC is the managing member of the Company (the "Managing Member") and is controlled by Steve Gross.

Types of Advisory Services

AlphaParity is an all-weather institutional investment firm that focuses on capturing and organizing fundamental building blocks of long-term return generation across asset classes in diversified, risk managed investment products. The management team has experience in quantitative, fundamental and derivatives strategies across asset classes and seeks investment solutions across styles and disciplines.

The Company serves as the investment adviser, with discretionary trading authority, to private pooled investment vehicles, the securities of which are offered to investors on a private placement basis (each, a "Fund" and collectively, the "Funds"). In addition, Company serves as an investment adviser with discretionary trading authority over, and also provides discretionary advisory services to, separately managed accounts.

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

As used herein, the term "client" generally refers to each Fund and each beneficial owner of a managed account.

This brochure does not constitute an offer to sell or solicitation of an offer to buy any securities. The securities of the Funds are offered and sold on a private placement basis under exemptions promulgated under the Securities Act of 1933, as amended (the "Securities Act"), and other applicable state, federal or non-U.S. laws. Significant suitability requirements apply to prospective investors in the Funds, including requirements that they be "accredited investors" as defined in Regulation D, "qualified purchasers" as defined in the Investment Company Act, as amended (the "Company Act"), or non-"U.S. Persons" as defined in Regulation S. Prospective investors must also be a "qualified eligible person" within the meaning of the Commodity Exchange Act. Persons reviewing this brochure should not construe this as an offer to sell or a solicitation of an offer to buy the securities of any of the Funds described herein. Any

such offer or solicitation will be made only by means of a confidential private placement memorandum.

Wrap Fee Programs

The Company does not currently participate in wrap fee accounts.

Client Assets

As of May 1, 2014, the Company manages client assets of approximately \$202 million on a discretionary basis and \$25 million on a non-discretionary basis. (This calculation is based on the aggregate net asset value of our various client accounts, and may differ from the "regulatory assets under management" that we reported in Item 5.F of Part 1A.)

Item 5 Fees and Compensation

Description

The Company is compensated for its management and advisory services generally by receiving management fees on assets under management and incentive compensation on net profits (see Item 6 below for a discussion of performance-based compensation). Management fees charged to investors investing in the Company's Funds are generally 1% - 2% of the net asset value of each investor's capital account or share value per annum. Management fees charged to managed accounts are negotiated and are generally based on nominal trading value rather than the net asset value of such accounts. The Company reserves the right to negotiate all fees with respect to all investors investing in the Funds or managed account/platform clients.

Fees Deducted

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

Other Fees Charged

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

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

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

When Fees Are Payable

The Company generally charges management fees in advance. Management fees are pro-rated for partial periods. Clients (including investors in the Funds) who have paid management fees in advance receive a *pro rata* rebate in the event of a withdrawal or termination other than on the last day of a quarter or a month, as applicable.

Compensation for the Sale of Securities

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

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

The Company or an affiliate is entitled to receive performance-based compensation generally equal to 15-20% of the aggregate net capital appreciation with respect to each investor in each Fund. Performance-based compensation is received (if at all) in arrears and may be negotiated on a case by case basis.

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

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

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

Item 7 Types of Clients

Description

The Company may provide investment advisory services to limited partnerships, limited liability companies, banks, thrifts, pension and profit sharing plans, trusts, estates, charitable organizations, endowments, institutions and individuals. The Company serves as investment manager to one master feeder structure and advises a number of separately managed accounts.

Sophistication and Minimum Investment Requirements

The Company requires U.S. investors investing in the Funds to meet certain suitability requirements including being an accredited investor (as defined in Regulation D of the Securities Act) and a qualified purchaser (as defined in the Company Act) and requires all investors to meet general sophistication requirements. All investors investing in the Funds are required to invest a minimum amount of \$1 million, which amount may be waived or reduced in the sole discretion of the Company, the General Partner and/or the Board of Directors of the offshore feeder fund (as the case may be).

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

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

Methods of Analysis and Investment Strategies

The Company combines fundamental insights with quantitative research in a process designed to be disciplined and rigorous to create portfolios that are robust across economic and market cycles. The Company seeks to capture three alpha sources-value, carry, and momentum -- across asset classes, and to provide diversified exposure in liquid global equity indices, currencies, commodities, interest rates and related derivatives. These three factors across four asset classes create twelve core sources of alpha that are the building blocks of all of the portfolios. Portfolio construction and execution is fundamental to the AlphaParity strategy.

The Company currently offers its All-Weather strategy in a master feeder structure as well as through managed accounts. The Company has a number of other portfolio diversification solutions available in managed account format.

The descriptions set forth in this brochure of specific advisory services that we offer to clients, and investment strategies pursued and investments made by us on behalf of its clients, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this brochure, that we consider appropriate, subject to each client's investment objectives and

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

Risks Relating to Investment Strategies

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

Risk of Loss

No guarantee or representation is made that the Company's investment program, including, without limitation, the Company's investment objective, diversification strategies or risk monitoring goals, will be successful. Investment results may vary substantially over time. No assurance can be made that profits will be achieved or that substantial or complete losses will not be incurred. Past investment results of the Company (or investments otherwise made by the investment professionals of the Company) are not necessarily indicative of future performance.

General Economic and Market Conditions

The success of the Company's activities 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 a client's 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 the prices and the liquidity of a client's investments. Volatility or illiquidity could impair a client's profitability or result in losses. The Company may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets.

Portfolio Turnover

Purchases and sales will be made for a client whenever necessary, in the Company's opinion, to meet the client's objectives. Turnover of a client's portfolio may involve the payment by such client of dealer spreads or underwriting commissions, and other transaction costs, on the sale of securities, as well as on the reinvestment of the proceeds in other securities. The greater the portfolio turnover the greater the transaction costs to a client which will increase such client's total operating expenses.

Discretion of the Company; New Strategies and Techniques

While the Company will generally seek to employ the representative investment strategies and techniques discussed herein, the Company has considerable discretion in the types of instruments the Funds may trade and has the right to modify the investment strategies and techniques of the Funds without the consent of the investors. New investment strategies and techniques may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings which could result in unsuccessful trades and, ultimately, losses. In addition, any new investment strategy or technique developed by the Company may be more speculative than earlier investment strategies and techniques and may involve material and as-yet-unanticipated risks that could increase the risk of an investment in a client.

Suspensions of Trading

Securities exchanges typically have the right to suspend or limit trading in all securities that they list. Such a suspension could render it impossible for the Company to liquidate positions and, accordingly, could expose a client to losses.

Diversification and Concentration

The Company may select investments that are concentrated in a limited number or types of instruments. In addition, a client's portfolio may become significantly concentrated in instruments related to a single or a limited number of issuers, industries, sectors, strategies, countries or geographic regions. This limited diversification may result in the concentration of risk, which, in turn, could expose such client to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in such instruments.

Lending of Portfolio Securities

The Company may lend securities on a collateralized and an uncollateralized basis from a client's portfolio to creditworthy securities firms and financial institutions. While a securities loan is outstanding, a client 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.

Short Selling

The success of the Company's short selling investment strategy depends upon the Company's ability to identify and sell short instruments that are overvalued. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying instrument could theoretically increase without limit, thus increasing the cost to a client of buying those instruments to cover the short position. There can be no assurance that a client will be able to maintain the ability to borrow instruments sold short. In such cases, a client can be "bought in" (*i.e.*, forced to

repurchase instruments in the open market to return to the lender). There also can be no assurance that the instruments necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing 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 a client 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 a client secures a good borrow of the instrument sold short at the time of execution, the lending institution may recall the lent instrument at any time, thereby forcing such client to purchase the instrument at the then-prevailing market price, which may be higher than the price at which such instrument was originally sold short by such client.

Leverage and Borrowing

Leverage for Investment Purposes. The use of leverage will allow the Company to make additional investments on behalf of a client, thereby increasing its 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 a client's portfolio. The effect of the use of leverage by the Company in a market that moves adversely to its investments could result in substantial losses to a client, which would be greater than if such client were not leveraged.

Collateral. The instruments and borrowings utilized by the Company to leverage investments may be collateralized by all or a portion of a client's portfolio. Accordingly, the Company may pledge a client's instruments in order to borrow or otherwise obtain leverage for investment or other purposes. Should the instruments pledged to brokers to secure a client's margin accounts decline in value, such client could be subject to a margin call, pursuant to which the Company must either deposit additional funds or instruments with the broker or suffer mandatory liquidation of the pledged instruments to compensate for the decline in value. The banks and dealers that provide financing to a client 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 that provide other types of asset-based or secured financing to a client may have similar rights. There can be no assurance that the Company will be able to secure or maintain adequate financing on behalf of a particular client.

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 a client's portfolio.

Hedging Transactions

The Company may utilize instruments for risk management purposes in order to: (i) protect against possible changes in the market value of a client's investment portfolio resulting from fluctuations in the markets and changes in interest rates; (ii) protect a client's unrealized gains in the value of its investment portfolio; (iii) facilitate the sale of any instruments; (iv) enhance or preserve returns, spreads or gains on any instrument in a client's portfolio; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any of a client's instruments; (vii) protect against any increase in the price of any instruments the Company anticipates purchasing on behalf of a client at a later date; or (viii) act for any other reason that the Company deems appropriate. The Company will generally not be required to hedge any particular risk in connection with a particular transaction or a client's portfolio generally. The Company may be unable to anticipate the occurrence of a particular risk and, therefore, may be unable to attempt to hedge against it. While the Company may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for a client than if the Company had not engaged in any such hedging transaction on its behalf. Moreover, the portfolio will always be exposed to certain risks that cannot be hedged.

Risks Relating to Specific Types of Instruments

Equity Securities

The Company will hold long and may hold short positions in common stocks, preferred stocks and convertible securities of U.S. and non-U.S. issuers. The Company also may invest in depositary receipts or shares relating to non-U.S. securities. Equity securities fluctuate in value, often based on factors unrelated to the fundamental economic condition of the issuer of the securities, including general economic and market conditions, and these fluctuations can be pronounced. The Company may purchase securities in all available securities trading markets and may invest in equity securities without restriction as to market capitalization, such as those issued by smaller capitalization companies, including micro-cap companies.

Bonds and Other Fixed Income Securities

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

market perception of the creditworthiness of the issuer and general market liquidity (*i.e.*, market risk).

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

High Yield Securities

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 Company 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.

The Company may invest in obligations of issuers that are generally trading at significantly higher yields than had been historically typical of the applicable issuer's obligations. Such investments may include debt obligations that have a heightened probability of being in covenant or payment default in the future or that are currently in default and are generally considered speculative. The repayment of defaulted obligations is subject to significant uncertainties. Defaulted obligations might be repaid only after lengthy workout or bankruptcy proceedings, during which the issuer might not make any interest or other payments. Typically such workout or bankruptcy proceedings result only in partial recovery of cash payments or an exchange of the defaulted security for other debt or equity securities of the issuer or its affiliates, which may in turn be illiquid or speculative.

Derivative Instruments Generally

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 are subject to change. Special risks may apply in the future that cannot be determined at this time with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available. The regulatory and tax environment for derivative instruments in which a client may participate is evolving, and changes in the regulation or taxation of such instruments may have a material adverse effect on a client.

Call Options. The seller (writer) of a call option which is covered (*i.e.*, the writer holds the underlying instrument) assumes the risk of a decline in the market price of the underlying instrument below the purchase price of the underlying instrument less the premium received, and gives up the opportunity for gain on the underlying 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 instrument above the exercise price of the option. The 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 instruments to cover the exercise of an uncovered call option can cause the price of the 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 seller (writer) of a put option which is covered (*i.e.*, the writer has a short position in the underlying instrument) assumes the risk of an increase in the market price of the underlying instrument above the sales price (in establishing the short position) of the underlying instrument plus the premium received, and gives up the opportunity for gain on the underlying 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 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.

Swaps. Whether the Company's use of swap agreements or swaptions will be successful will depend on the Company's ability to select appropriate transactions for the Company. Swap agreements and options on swap agreements ("swaptions") can be individually negotiated and structured to include exposure to a variety of different types of investments, asset classes or market factors. Depending on their structure, swap agreements may increase or decrease the holder's exposure to, for example, equity securities, long-term or short-term interest rates, non-U.S. currency values, credit spreads or other factors. Swap agreements can take many different forms and are known by a variety of names. Swap transactions may be highly illiquid and may increase or decrease the volatility of a client's portfolio. Moreover, a client bears 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. A client will also bear the risk of loss related to swap agreements, for example, for breaches of such agreements or the failure of the Company to post or maintain required collateral on such client's behalf. It is possible that developments in the swap markets, including potential government regulation, could adversely affect the Company's ability to terminate swap transactions or to realize amounts to be received under such transactions.

Futures Contracts. The value of futures contracts depends upon the price of the instruments, such as commodities, underlying them. The prices of futures contracts 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 contracts are also subject to the risk of the failure of any of the exchanges on which a client's 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 Company from promptly liquidating unfavorable positions and subject a client to substantial losses or prevent the Company 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 security or contract can produce a disproportionately larger profit or loss. In extraordinary circumstances, a futures exchange or the U.S. Commodity Futures Trading Commission could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

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

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 the Company would otherwise recommend, to the possible detriment of a client. In its forward trading, a client 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 such company trades. Client 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. The Company may order trades for a client in such markets through agents. Accordingly, the insolvency or bankruptcy of such parties could also subject a client to the risk of loss.

Contracts for Difference. Contracts for difference (CFDs) 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 security, 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 security 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 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 a client's obligation to its counterparty under the CFDs and the return on related assets in its portfolio, the CFD transaction may increase such client's financial risk.

Failure to Enter into Offsetting Trade. To the extent the Company invests in a futures contract or option long on behalf of a client, unless an offsetting trade is made, such client would be required to take physical delivery of the commodity underlying the future or option. To the extent the Company fails to enter into such offsetting trade prior to the expiration of the contract, a client may suffer a loss since the client generally does not have the operational capacity to accept physical delivery of commodities.

Repurchase Agreements and Reverse Repurchase Agreements

In a reverse repurchase transaction, the Company buys securities issued from a broker-dealer or financial institution, subject to the obligation of the broker-dealer or financial institution to repurchase such securities at the price paid by the Company, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements by the Company involves certain risks.

For example, if the seller of securities to the Company under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the Company will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, the Company's ability to dispose of the underlying securities may be restricted. It is possible, in a bankruptcy or liquidation scenario, that the Company may not be able to substantiate a client's interest in the underlying securities. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, a client may suffer a loss to the extent that the Company is forced to liquidate such client's position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller. Similar elements of risk arise in the event of the bankruptcy or insolvency of the buyer.

Currency Trading

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

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

Highly Volatile Markets

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

Illiquid Securities

Certain instruments may be illiquid because, for example, they are subject to legal or other restrictions on transfer or there is no liquid market for such instruments. Valuation of such instruments may be difficult or uncertain because there may be limited information available about the issuers of such instruments. The market prices, if any, for such instruments tend to be volatile and may not be readily ascertainable, and the Company may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted and illiquid instruments often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of instruments eligible for trading on national securities exchanges or in the over-the-counter markets. The Company 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, a client may be required to hold such instruments despite adverse price movements. Even those markets which the Company 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.

American Depositary Receipts and Global Depositary Receipts

ADRs are receipts issued by a U.S. bank or trust company evidencing ownership of underlying securities issued by non-U.S. 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 non-U.S. stock exchanges or non-U.S. 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 security or to pass through voting rights to the holders of depositary 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, other income or gross sale of disposition proceeds, 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.

Exchange Traded Funds

Exchange Traded Funds (ETFs) are 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 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 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. Generally, each shareholder of an ETF bears a *pro rata* portion of the ETF's expenses, including management fees. Accordingly, in addition to bearing their proportionate share of a client's expenses (e.g., management fees and operating expenses), investors in the Funds and managed account holders may also indirectly bear similar expenses of an ETF.

Initial Public Offerings

Investments in initial public offerings (or shortly thereafter) may involve higher risks than investments issued in secondary public offerings or purchases on a secondary market due to a variety of factors, including, without limitation, the limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the issuer and limited operating history of the issuer. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them. These factors may contribute to substantial price volatility for such securities.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment with the Company. Prospective clients are encouraged to seek the advice of their own independent legal counsel and advisors in evaluating the risks of investing. In addition, as the Company's investment program develops and changes over time, an investment with the Company may be subject to additional and different risks.

Item 9 Disciplinary Information

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

Item 10 Other Financial Industry Activities and Affiliations

Broker-Dealer or Registered Representative

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

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

The Company is a registered commodity trading advisor (öCTAö) and Commodity Pool Operator (öCPOö) with the National Futures Association. The General Partner is a registered CPO.

Material Relationships

The Company serves as a CTA to its Fund clients.

The General Partner, a related person of the Company, serves as CPO of the domestic feeder fund and the master fund.

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

Recommend or Select Other Investment Advisers

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

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

Summary of Code of Ethics

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

¹ Management persons: anyone with the power to exercise, directly or indirectly, a controlling influence over the firm's management or policies, or to determine the general investment advice given to the clients of the firm.
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The terms "employee" and "personnel" used throughout this document refer to and apply to all officers, partners, managing members and employees of the Company.

I. Standards of Business Conduct

A. General

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

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

B. Duties Toward the Company

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

C. Grants and Gifts

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

II. Prevention of Insider Trading

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

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

III. Personal Securities Transactions

A. Periodic Reports

As more fully described in the Company's Code of Ethics, òAccess Personsö and/or and employees are required to submit monthly brokerage statements detailing their personal securities holdings to the Chief Compliance Officer (òCCOö)

B. Initial Public Offerings and Limited Public Offerings

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

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

C. Review of Personal Securities Reports

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

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

IV. Outside Business Activities and Private Investments of Employees

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

V. Reporting Violations

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

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

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

VI. Recordkeeping

The Company maintains the following:

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

VII. Acknowledgement of the Code of Ethics

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

VIII. Training and Education

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

IX. Copies of the Company's Code of Ethics

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

Participation or Interest in Client Transactions and Personal Trading

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

Securities in which the Company or a Related Person Has a Material Financial Interest

I. Cross Trades

The Company may determine that it would be in the best interests of certain clients to transfer a security from one client to another (each such transfer, a "Cross Trade") for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the clients, or to reduce transaction costs that may arise in an open market transaction. If the Company decides to engage in a Cross Trade, the Company will determine that the trade is in the best interests of each client involved in it and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those clients.

The Company generally executes Cross Trades with the assistance of a broker-dealer who executes and books the transaction at the close of the market on the day of the transaction. Alternatively, a Cross Trade between two clients may occur as an "internal cross", where the Company instructs the custodian for the clients to book the transaction at the price determined in accordance with the Company's valuation policy. If the Company effects an internal cross, the Company will not receive any fee in connection with the completion of the transaction.

II. Principal Transactions

To the extent that Cross Trades may be viewed as principal transactions due to the ownership interest in a client by the Company or its personnel, the Company will comply with the requirements of Section 206(3) of the Advisers Act, including that any such transactions will be considered on behalf of investors in such a client and approved or disapproved by (i) an advisory board comprised of representatives of such investors or (ii) a committee consisting of one or more persons selected by the Company (or its affiliate), and any valuation approved by such a committee will be determined by an independent third party that has appropriate experience in providing such valuations.

Conflicts of Interest Created by Contemporaneous Trading

The Company manages investments on behalf of a number of clients. Certain clients have investment programs that are similar to or overlap and may, therefore, participate with each other in investments. It is the policy of the Company to allocate investment opportunities among all clients fairly, to the extent practical and in accordance with each client's applicable investment strategies, over a period of time.

Investment opportunities will generally be allocated among those clients for which participation in the respective opportunity is considered appropriate, taking into account, among other considerations: (i) whether the risk-return profile of the proposed investment is consistent with a client's objectives; (ii) the potential for the proposed investment to create an imbalance in a client's portfolio; (iii) the liquidity requirements of a client; (iv) potentially adverse tax consequences; (v) regulatory restrictions that would or could limit a client's ability to participate in a proposed investment; and (vi) the need to re-size risk in a client's portfolio.

The Company will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to any client solely because the Company purchases or sells the same security for, enters into a transaction on behalf of, or provides an opportunity to any client if, in its reasonable opinion, such security, transaction or investment opportunity does not appear to be suitable, practical or desirable for the client.

In particular, when a client is ramping up its investment or trading strategies, it may receive larger allocations of certain securities than other clients in order to obtain its desired risk and portfolio size. Conversely, when certain clients ramp up their investment and trading strategies, other clients may receive reduced or no allocations of certain securities.

Item 12 Brokerage Practices

The Company is responsible for managing client assets and is responsible for the day-to-day investment of client capital. It has discretionary authority to determine, without the client's consent: (1) securities to be bought or sold; (2) amount of securities bought or sold; (3) broker or dealer to be used; and (4) commission rates paid, within the guidelines established.

Portfolio transactions are allocated to brokers by the Company on behalf of its clients on the basis of their ability to effect prompt and efficient executions at competitive rates, their financial stability and reputation and also in consideration of such brokers' provision or payment of brokerage or research services (the provision or payment of such services by brokers are referred to as payment made by soft dollars, as further discussed herein.)

Research and Other Soft Dollar Benefits

From time to time, the Company may pay a broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transaction) for effecting client transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. The Company will effect such transactions, and receive such brokerage and research services, only to the extent that they fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended, and subject to prevailing guidance provided by the SEC regarding Section 28(e). The Company believes it is important to its investment decision-making processes to have access to independent research.

Also, consistent with Section 28(e), research products or services obtained with soft dollars generated by one or more clients may be used by the Company to service one or more other clients, including clients that may not have paid for the soft dollar benefits. The Company does not seek to allocate soft dollar benefits to client accounts in proportion to the soft dollar credits the client accounts generate, and, as a result, there may be instances when a client receives soft dollar benefits while another client bears the costs for such soft dollar benefits. Where a product or service obtained with soft dollars provides both research and non-research assistance to the Company (*i.e.*, a mixed use item), the Company will make a good faith allocation of the cost which may be paid for with soft dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of the Company's allocation of the costs of such benefits and services between those that primarily benefit the Company and those that primarily benefit the clients.

When the Company uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, the Company receives a benefit because it does not have to produce or pay for such products or services. The Company may have an incentive to select or recommend a broker-dealer based on the Company's interest in receiving research or other products or services, rather than on its clients' interest in receiving most favorable execution.

At the current time and during the last fiscal year the Company does not and did not avail itself of the use of soft dollars; however, it should be noted that if the Company uses client brokerage commissions to obtain research or other products or services, the Company will receive a benefit because it will not have to produce or pay for the research, product or services (as the case may be).

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

At least annually, the Company considers the amount and nature of research and research services provided by broker-dealers, as well as the extent to which such services are relied upon, and attempts to allocate a portion of the brokerage business of its clients on the basis of that consideration. Broker-dealers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocation, but can (and often does) exceed the suggested level, because total brokerage is allocated on the basis of all of the considerations described above. In no case will the Company make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer, nor will it commit to pay cash if any informal targets are not met. A broker-dealer is not excluded from receiving business because it has not been identified as providing research products or services.

Brokerage for Client Referrals

Neither the Company nor any related person receives client referrals from any broker-dealer or third party. However, as discussed above, subject to best execution, the Company may consider, among other things, capital introduction and marketing assistance with respect to investors in the Funds in selecting or recommending broker-dealers for the Funds.

Directed Brokerage

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

Order Aggregation

If the Company determines that the purchase or sale of a security is appropriate with regard to multiple clients, the Company may, but is not obligated to, purchase or sell such a security on behalf of such clients with an aggregated order, for the purpose of reducing transaction costs, to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating client will receive, to the extent possible, the average price, with transaction costs generally allocated *pro rata* based on the size of each client's participation in the order (or allocation in the event of a partial fill) as determined by the Company. In the event of a partial fill, allocations may be modified on a basis that the Company deems to be appropriate, including, for example, in order to avoid odd lots or *de minimis* allocations. If it is not possible to allocate orders on an average price basis (*e.g.*, in connection with offshore orders), orders are generally allocated to each participating client on a "highest price to the highest account number" basis. Pursuant to this methodology, the Company ranks the various clients based on the date as of which the Company first begins providing investment advisory services to such client (with the "oldest" client having the highest number) and then allocates the highest fill prices for both purchases and sales to the clients with the highest numbers. When orders are not aggregated, trades generally will be processed in the order that they are placed with the broker or counterparty selected by the Company. As a result, certain trades in the same security for one client (including a client in which the Company and its personnel may have a direct or indirect interest) may receive more or less favorable prices or

terms than another client, and orders placed later may not be filled entirely or at all, based upon the prevailing market prices at the time of the order or trade. In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved.

Item 13 Review of Accounts

Frequency and Nature of Review of Client Accounts or Financial Plans

We review each client's portfolio on a daily basis to determine whether it is being managed in accordance with its investment guidelines (*i.e.*, Portfolio composition, products and risk limits). The reviews are conducted by the Chief Investment Officer and Head of Business Development and Operations of the Company with the support of the Company's operational personnel.

Factors Prompting Additional Review of Client Accounts

Additional review of a client account may be triggered by any unusual activity or special circumstances.

Content and Frequency of Account Reports to Clients

We generally provides annual audited financial statements to its clients within 120 days of the applicable client's fiscal year end. Reporting requirements for managed accounts are negotiated and vary per client.

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

The market commentary provided to investors in the Funds discusses the performance of the account and primary attributes of performance.

Item 14 Client Referrals and Other Compensation

Economic Benefits for Providing Services to Clients

We do not receive economic benefits from non-clients for providing investment advice and other advisory services.

Compensation to Non-Supervised Persons for Client Referrals

The Company has entered into a third party marketing arrangement for introduction of new client accounts consistent with Rule 206(4)-3 of the Advisers Act, and may, in its sole discretion, enter into agreements with placement agents ("Placement Agents") with respect to the sale of interests or shares in the Funds (any such agreement being referred to as a "Placement Agent Agreement") to direct investors. Such Placement Agent Agreements may provide that in return

for introducing a particular investor, the introducing Placement Agents will be compensated, at no additional cost to the relevant Fund or its investors, by receiving a portion of any management fees and/or incentive compensation otherwise payable or allocable to the Company or the General Partner (an affiliate of the Company).

Item 15 Custody

The Company may be deemed to have custody of client funds and securities because it has the authority to obtain client funds or securities, for example, by deducting advisory fees from a client's account or otherwise withdrawing funds from a client's account. Investors in the Funds receive audited financial statements prepared in accordance with U.S. generally accepted accounting principles within 120 days of each Fund's fiscal year end.

Item 16 Investment Discretion

The Company serves as the management company with discretionary trading authority to each Fund. In addition, the Company serves as the investment adviser with discretionary trading authority and also provides discretionary advisory services for the managed accounts.

Our investment decisions and advice with respect to each Fund are subject to each Fund's investment objectives and guidelines, as set forth in its offering documents. Similarly, our investment decisions and advice with respect to each managed account are subject to each client's investment objectives and guidelines, as set forth in the client's investment management agreement, as well as any written instructions provided by the client to us.

The Company or an affiliate of the Company entered into an investment management agreement, or similar agreement, with each Fund or beneficial owner of each managed account, pursuant to which the Company or an affiliate of the Company was granted discretionary trading authority.

Item 17 Voting Client Securities

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

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

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

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

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

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

Item 18 Financial Information

The Company is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition 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 10 years.