

Alder Hill Management LP

**Form ADV Part 2A
Firm Brochure**

May 2014

This brochure provides information about the qualifications and business practices of Alder Hill Management LP.

If you have any questions about the contents of this brochure, please contact Greg Pearson, our Chief Compliance Officer (“CCO”), at (212) 707-1006.

This information has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Alder Hill Management LP is also available on the SEC’s website at www.adviserinfo.sec.gov.

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Item 2. Material Changes**Material Changes You Should Know:**

This is our first Form ADV Part 2A (firm brochure) as a registered investment adviser. Accordingly, there are no material changes from any previous firm brochure to report.

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Item 4. Advisory Business

A. General Description of Advisory Firm.

Alder Hill Management LP is a registered investment adviser with the U.S. Securities and Exchange Commission. Our principal office is based in New York, NY, was founded in March 2014 by Mark Unferth and Eric Yip and commenced operations on July 1, 2014.

As used in this brochure:

“Alder Hill”, “We”, “Us” and “Our”: Refers to the Alder Hill Management LP investment advisory business.

“Alder Hill Funds” or “Fund(s)” or “Client”: Refers to Alder Hill Partners LP (“Domestic Fund”), a Delaware limited partnership formed as a private investment vehicle which invests substantially all of its assets directly or through Alder Hill Master Fund LP, a Cayman Islands exempted limited partnership (“Master Fund”). The “Feeder Funds” include Alder Hill Intermediate LP (“Intermediate Feeder”) and Alder Hill Offshore Ltd. (“Offshore Fund”). The Offshore Fund primarily invests its assets in the Master Fund through the Intermediate Feeder, which are Cayman Islands exempted funds. The general partner of the Funds is Alder Hill GP LLC, a Delaware limited liability company registered as a foreign company in the Cayman Islands (the “General Partner”); and the General Partner of Alder Hill is Alder Hill Management GP LLC, a Delaware limited liability Company. The Funds are managed by Alder Hill. Collectively hereafter referred to as the Fund(s) or Alder Hill Fund(s) or Client(s).

“Fund Offering Documents”, “Governing Agreements” and “Investor Offering Documents”: Refers to the Fund’s Confidential Private Placement Memorandum, Limited Partnership Agreements, Investment Management Agreement and investor subscription documents as applicable to each fund.

“Investor(s)” or “Limited Partner(s)”: Refers to underlying investors in the Alder Hill Funds.

“Principals”: Refers collectively to Mark Unferth and Eric Yip.

“SEC”: Refers to the U.S. Securities and Exchange Commission and applicable registered investment adviser rules under the Investment Advisers Act of 1940.

“You” or “Your” refers to actual and prospective Fund investors.

B. Description of Advisory Services (including any specializations)

We provide investment advisory services to the Alder Hill Funds as defined above. The Funds are private funds exempt from registration under Section 3(c)(7) of the Investment Company Act

of 1940. All investors must be both qualified purchasers and accredited investors in accordance with our Fund offering documents.

We will seek to achieve our Fund's investment objective by investing opportunistically, both long and short, in credit, equity and related securities across the capital structure in complex, event-driven and value-oriented situations.

C. Availability of Tailored Services for Individual Clients

We provide active investment portfolio management services for the Alder Hill Funds and are responsible for the overall management of the investment operations of our Funds. As an SEC registered investment adviser the relationship between us and the Alder Hill Funds is governed by the Investment Advisers Act of 1940, as amended.

Investments in the Alder Hill Funds are privately offered only to qualified investors meeting specific regulatory requirements.

Investors may impose additional investment restrictions on us, as agreed upon in writing. In the future we may enter into side letters and other agreements and arrangements ("Side Letters") with investors whereby such investors may be subject to different and in certain cases more favorable, terms and conditions. Such Side Letters may grant preferential transparency and liquidity rights to certain investors. A combination of special transparency and liquidity rights for some investors may have an adverse impact on the remaining investors' ability to withdraw their Interests, especially in situations which impose limitations on withdrawals.

D. Wrap Fee Programs

This is not applicable as we do not offer any wrap fee programs.

E. Client Assets Under Management.

As of the time of our initial SEC registration filing we do not have any assets under management. However, we fully expect to be eligible for SEC registration within 120 days.

Item 5. Fees and Compensation

A. Advisory Fees and Compensation

Management fees, performance fees and other fees we earn may be negotiated. The fees we charge are described in detail in the Fund Offering Documents and are summarized below.

Fund investors will typically experience two types of fees:

- **Management Fees:**

Typically range from 1.5% - 1.75% for each series of Fund interests.

- **Performance Fees:**

Typically range from 15% - 20% for each series of Fund interests. Performance fees are subject to a loss carryforward amount.

B. Payment of Fees.

- **Management Fee.**

Generally, Management Fees will be calculated and payable quarterly in advance as of the beginning of each calendar quarter. Amounts attributable to the Management Fee are generally debited from an investor's capital account. Capital contributions accepted after the commencement of a calendar quarter will be subject to a prorated Management Fee.

- **Performance Allocation (also see Item 6 below).**

Performance fees will be calculated and debited from each investor's capital account and allocated to the general partner of the fund as of December 31 of each year. The Performance Fee will also be calculated and debited from any capital account from which an investor withdraws or transfers all or a portion of its interests as of any time other than December 31 on the basis of net profits allocated to such capital account through the withdrawal or transfer date. In the case of a partial withdrawal or transfer, the Performance Fee will only be charged with respect to the *pro rata* portion of the Performance Change Amount attributable to the amount being withdrawn or transferred. If the Partnership is wound down as of a date other than the last day of a calendar year, the Performance Allocation will be calculated on the basis of the performance in each investor's Capital Account over the period from the commencement of such year through the date of such wind down.

C. Other Fees and Expenses.

The Alder Hill Funds bear the legal, accounting and administration expenses associated with the organization of the Funds (and its *pro rata* share of similar expenses for the Master Fund) and the ongoing offering of Fund interests, including any filing fees and expenses and out-of-pocket expenses.

The Alder Hill Funds bear the costs and expenses directly related to portfolio investments or prospective investments (whether or not consummated) of the Fund (and its *pro rata* share of similar expenses of the Master Fund), such as brokerage commissions, interest on debit balances or borrowings, clearing and settlement charges, custodial fees, travel expenses, appraisal fees, investment banking expenses, fees and profit-sharing payments due to unaffiliated advisors, sub-advisors, consultants and finders (which do not offset the Management Fee or the Performance Fee Allocation), specific expenses incurred in obtaining or maintaining systems, research and other information and information service subscriptions utilized with respect to the Fund's investment program, any tax-related structuring or legal expenses incurred and any withholding or transfer taxes imposed on the Fund.

The Alder Hill Funds also bear all out-of-pocket costs of the administration of the Fund, including tax preparation, accounting, audit, operational, administration and legal expenses, costs of any litigation or investigation involving Fund activities, costs associated with reporting and providing information to existing and prospective investors and liability premiums for insurance covering Alder Hill and its affiliates.

Our employees and affiliates of employees, such as family members or estate planning vehicles, do not pay any fees, but are otherwise subject to the same terms of investment in the Funds, including expenses.

The Funds also may impose an early redemption penalty fee of 3%.

Other Fees Paid to Alder Hill. Alder Hill and our affiliated entities are permitted to receive consulting fees, investment banking fees, advisory fees, breakup fees, director's fees, closing fees, transaction fees and similar fees in connection with actual or contemplated investments. To the extent that such fees are received, the Management Fee will be reduced or offset accordingly. Conflicts of interest may also arise due to the allocation of such fees to or among co-investors (as defined in Item 6 below).

See item 12 below for additional information.

D. Additional Compensation and Conflicts of Interest.

We do not accept any additional compensation for the sale of securities or other investment products.

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

As described above, the Funds may be assessed a performance (incentive) fee that is paid to us as the investment manager. The incentive fee is assessed periodically according to the Fund's documents, typically after such Fund has earned a certain return on the initial investment as defined by the Fund's Governing Agreements.

General Partner's Performance Allocation: The existence of the Performance Allocation may create an incentive for us to make more speculative investments on behalf of the Fund than we might otherwise make in the absence of such performance-based compensation. The terms of the Performance Allocation could give us an incentive to make determinations regarding the timing and structure of realization transactions that are not applicable to the interests of investors. In addition, the Performance Allocation, together with the fact that the Management Fee is calculated as a percentage of net asset value, creates a potential conflict of interest for us in valuing Fund investments that are not readily marketable or are difficult to value.

As we currently only manage the Fund (including feeder funds, as defined above), we have no issues with side-by-side management of other funds or accounts. However, if we add other funds or accounts in the future with different fee structures than the current Fund then we may be incentivized to favor those funds or accounts that pay us a higher incentive fee ("Other

Accounts”). We will develop appropriate procedures for any such Other Accounts if needed in the future.

Co-Investments and side by side management. Generally, we have the ability to allocate all or a portion of a given investment opportunity to co-investors. The allocation of all or a portion of an investment opportunity to co-investors could result in lower returns for the Fund than had the Fund been allocated the full opportunity. Furthermore, we may allocate co-investment opportunities differently among our various clients or joint venture partners. This could result in some clients or third parties receiving co-investment opportunities from us prior to such opportunities being presented or offered to investors in the Funds.

Item 7. Types of Clients

Alder Hill provides investment advisory services to the Alder Hill Funds as defined above. Investments in the Funds are privately offered only to qualified investors meeting specific regulatory requirements. We may in the future have other separately managed accounts or private funds under management.

Investors in the Alder Hill Funds are expected to include taxable and tax-exempt entities, persons, or entities organized in various jurisdictions and subject to different tax and regulatory regimes

The minimum initial amount that may be invested in the Alder Hill Funds is \$5,000,000 although we reserve the right to increase the minimum or to accept lesser amounts in our sole discretion.

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

A. Methods of Analysis and Investment Strategies.

Our investment approach is flexible and integrates deep fundamental, catalyst-driven, bottom-up research and an understanding of the broader overall risk environment in an effort to achieve consistent, repeatable results in all market environments.

We conduct extensive fundamental analysis and due diligence to identify and evaluate idiosyncratic, asymmetric risk/reward opportunities. We emphasize prudent risk management and preservation of the Fund’s capital. We actively monitor each position to minimize investment and liquidity risk after an investment has been made and will seek to reduce market correlation and volatility with single-name short positions and broader market-based hedges, as deemed appropriate in its discretion.

Our Funds will invest in a broad range of securities, derivatives and other financial instruments, including but not limited to: leveraged loans; trade, liquidation and litigation claims; secured and unsecured bonds; preferred stock; equity; warrants; asset-backed securities; credit default swaps;

credit index swaptions; equity and equity index swaps, futures and options; total return swaps; and foreign exchange contracts, futures and options.

Our Funds may invest in unrated, unlisted and private securities, as well as in currencies, although we expect to hedge currency risk. While our Fund's investment strategy has a global mandate, we expect to be most active in the developed markets such as North America and Europe or any other market where stakeholder rights are legally recognized and enforceable.

Our Funds generally will not use leverage as a means for enhancing returns. We prefer to invest in liquid securities markets where pricing transparency can be more readily determined.

We source our investment ideas from a variety of resources. We will acquire a deep fundamental understanding of the investment and its value drivers, perform in-depth liquidity and valuation analysis, identify the fulcrum security through claim analysis and waterfall modeling, assess the catalysts and paths to value realization and calculate a probability weighted upside/downside ratio based on a range of potential outcomes. If key value drivers can be narrowed to acceptable tolerances we may decide to initiate a small position. All investments require extensive write-ups, models and multiple discussions before a position is initiated and we will evaluate entry, accumulation and exit strategies before investing. Once a position is initiated, we will continue to conduct additional in-depth research in order to build out its conviction, tighten the expected range of outcomes and eventually build a core position.

We will continually monitor each investment, repeatedly challenge its investment thesis and revisit its information set to analyze any discrepancies in prior assumptions made at the initiation of the investment.

B. Material Risks (Including Significant or Unusual Risks) Relating to Investment Strategies.

All investments involve financial risk. An investment in our Funds entails a high degree of risk. Some of the key risks associated with our Fund's investments are included below. Investors should refer to the applicable Fund Governing Agreements for a complete list of risks. An investment entails risks of significant or complete losses arising from a variety of factors, including but not limited to the following:

Dependence on Key Individuals. Fund Investors have no authority to make decisions or to exercise business discretion on behalf of the Funds. The authority for all such decisions is delegated to us, our Principals, associates, and other employees. The future performance depends on the continued service of such persons. The departure of any of the key management can have an adverse effect on the profits of the Funds.

Illiquidity; Transfers and Withdrawals. An investment in the Funds is suitable only for certain sophisticated investors who have no need for liquidity in the investment.

Master Feeder Structure. The investment by a Feeder Fund in the Master Fund may be affected by an investment by the Offshore Fund, and possibly other private investment funds and accounts in the Master Fund. In view of the fact that all expenses of the Master Fund are shared

pro rata among its investors, if other investors in the Master Fund redeem their interests, then the possibility exists that the Feeder Fund will bear the burden of an increased share of the Master Fund's expenses. The Master Fund may become less diverse due to withdrawals by a partner, resulting in increased portfolio risk. Generally, the creditors of the Master Fund may enforce claims against all of the assets of the Master Fund. There is the risk that a lender (having foreclosed and become a new partner in the Master Fund) would redeem its entire interest and disrupt the Master Fund's (and as a result, the Fund's) operations.

Absence of Regulatory Oversight. The Funds are not required to register as an investment company, and have not registered as such, under the Investment Company Act of 1940, as amended, thus such provisions intended to provide various protections to investors are not applicable to the Alder Hill Funds.

Business Risk. The companies in which the Funds will invest may involve a high degree of business and financial risk. These companies, in some cases, may have significant variations in operating results, may be engaged in a rapidly changing business environment with products subject to a substantial risk of obsolescence, may require significant additional capital to support their operations, or may otherwise have a weak or unstable financial condition.

Event-Driven Strategies. The success of event-driven strategies depends on the successful prediction of whether various corporate events will occur or be consummated. When we determine that a merger, exchange offer or tender offer transaction may be consummated, the Funds may purchase securities at prices only slightly below the anticipated value to be paid or exchanged for such securities in the merger, exchange offer or tender offer, and substantially above the prices at which such securities traded immediately prior to the announcement of the merger, exchange offer or tender offer. The consummation of mergers, exchange offers, tender offers and other similar transactions can be prevented or delayed, or the terms changed, by a variety of factors.

Investments in Undervalued Assets. The Funds invest in undervalued assets. The identification of investment opportunities in undervalued assets is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired.

Distressed Securities. The Funds invest in securities and/or other investment instruments of issuers that are experiencing significant financial or business difficulties, including issuers involved in bankruptcy or other reorganization and liquidation proceedings. The level of analytical sophistication, both financial and legal, necessary for successful investment in issuers experiencing significant business and financial difficulties is unusually high.

The Funds may invest in bonds or other fixed income investments, including, without limitation, debt securities that can yield higher returns (and, therefore, may be subject to higher risk), when we believe that such investments offer opportunities for capital growth. Such investments may be below "investment grade" and 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. The market values of certain of these lower rated debt investments tend to reflect individual corporate developments to a greater extent than do higher rated debt

investments, which react primarily to fluctuations in the general level of interest rates. It is likely that a major economic recession could have a materially adverse impact on the value of such investments. In addition, adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the value and liquidity of investments rated below investment grade.

Long/Short. The success of the Fund's long/short investment strategy depends upon our ability to identify and purchase securities that are undervalued and identify and sell short securities that are overvalued. The identification of investment opportunities in the implementation of the Fund's long/short investment strategy is a difficult task and there are no assurances that such opportunities will be successfully recognized or acquired.

Short Sales. Short sales by the Fund that are not made "against the box" create opportunities to increase the return but, at the same time, involve special risk considerations and may be considered a speculative technique. Short sales theoretically involve unlimited loss potential, as the market price of securities sold short may increase continuously, although the Fund may mitigate such losses by replacing the securities sold short before the market price has increased significantly. Under adverse market conditions the Fund might have difficulty purchasing securities to meet its short sale delivery obligations, and might have to sell portfolio securities to raise the capital necessary to meet its short sale obligations at a time when fundamental investment considerations would not favor such sales. Short sales may be used with the intent of hedging against the risk of declines in the market value of the Fund's long portfolio, but there can be no assurance that such hedging operations will be successful.

Derivative Instruments. We may use various derivative instruments, including futures, options, forward contracts, swaps and other derivatives that may be volatile and speculative. Certain positions may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses.

Concentration of Investments. From time to time the Funds may hold a few, relatively large securities positions in relation to the Fund's capital. In addition, the Fund is not subject to any restriction requiring diversification by industry or region. The result of any such concentration of investments would be that a loss in any such position, industry or region could materially reduce the Fund's capital.

C. Risks Associated With Types of Securities that are Primarily Recommended (Including Significant or Unusual Risks).

As noted above, we have a flexible investment strategy. The material risks associated with our primary types of investments is described above in Item 8.B. above.

Item 9. Disciplinary Information

This item is not applicable as our Firm and our employees do not have any disciplinary record.

Item 10. Other Financial Industry Activities and Affiliations

Various potential and actual conflicts of interest may arise from the overall investment activity of Alder Hill and its clients. The following briefly summarizes some of the actual key conflicts, but is not intended to be an exhaustive list of all such conflicts. Investors should refer to the relevant Fund Offering Documentation for a complete list of actual and potential conflicts.

While the Alder Hill Funds may trade commodity futures and/or commodity options contracts, the General Partner is exempt from registration with the CFTC as a commodity pool operator (“CPO”) pursuant to CFTC Rule 4.13(a)(3). Therefore, unlike a registered CPO, the General Partner is not required to deliver a CFTC disclosure document to prospective Limited Partners, nor is it required to provide Limited Partners with certified annual reports that satisfy the requirements of CFTC rules applicable to registered CPOs.

The General Partner expects to qualify for the exemption under CFTC Rule 4.13(a)(3) on the basis that, among other things, (i) the Fund interests are exempt from registration under the Securities Act and are offered and sold without marketing to the public in the United States and (ii) at all times either (A) the Fund’s interest in the aggregate initial margin and premiums required to establish commodity interest positions will not exceed 5% of the liquidation value of the Master Fund’s portfolio or (B) the aggregate net notional value of the Partnership’s interest in commodity interest positions will not exceed 100% of the liquidation value of the Master Fund’s portfolio.

Alder Hill, our Funds and related entities are subject to various conflicts of interest, including, but not limited to, in connection with transfers of assets between entities advised by us or our affiliates.

Alder Hill is not a broker-dealer nor is an application pending to become a broker-dealer (including our management persons).

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

We have adopted a Code of Ethics pursuant to SEC Rule 204A-1 that obligates our Firm and our employees to put the interests of our clients before its own interests and to act honestly and fairly in all respects in dealings with its clients. All of our personnel are also required to comply with applicable federal securities laws.

Our Code of Ethics describes the Firm’s fiduciary duties and responsibilities to its clients and sets forth a practice of supervising the personal securities transactions of its employees with access to client information. It is the Firm’s expressed policy that employees must put the interests of clients ahead of their personal investment decisions.

To supervise compliance with the Code of Ethics, we require that anyone associated with us that has access to advisory recommendations provide duplicate copies of brokerage account activity and annual securities holdings reports to our Firm's Chief Compliance Officer. It is also required that such employees receive approval from our Chief Compliance Officer prior to investing in (at a minimum) any initial public offerings (IPOs) or private placements as required by the SEC.

Our Code of Ethics further includes a policy prohibiting the use of material non-public information (as described below). Any individual not in observance of the above may be subject to discipline.

A complete copy of our Firm's Code of Ethics will be provided to any client upon request to the Firm's Chief Compliance Officer at its principal address as noted on the cover page of this firm brochure.

B. Client Transactions in Securities where Adviser has a Material Financial Interest.

There may be inherent and potential conflicts of interest between us, our principals, affiliated entities, our Funds or other advisory clients.

Related Party Transactions. From time to time we may determine that a sale of positions from one client account to another (a "cross-trade") is in the best interests of both accounts. This may arise, for example, if one account is being wholly or partially liquidated to fund withdrawals, while another account has cash available for investment. Where required by applicable law or in other appropriate circumstances as determined by us, we are authorized to appoint an independent representative of the Fund or to appoint one or more investors to an investor committee to consent on behalf of the Fund to a specific rebalancing transaction or other transactions in which participating accounts may have divergent interests. The independent representative or investor committee would have the authority to consult with us concerning any proposed transactions between an Alder Hill Fund and any accounts controlled by us, and concerning any other matters that may involve a potential conflict of interest between us on the one hand, and the Feeder Funds and investors on the other.

Alder Hill and its personnel will comply with the restrictions provided in the applicable agreements governing its clients relating to principal transactions, cross trades or other affiliated transactions, in which Alder Hill or its personnel may have interests that are adverse to, or in any event not aligned with, the interests of one or more of its investors.

All transactions will be conducted in accordance with Rule 206(3)-2 of the Advisers Act.

A "principal transaction" is generally defined as a transaction where an adviser, acting as principal for its own account buys from or sells any security to any advisory client. Principal transactions are permitted only if the Firm (i) makes written disclosure to the Client of the capacity in which it is acting and (ii) obtains the Client's prior consent to the transaction.

An "affiliated transaction" includes any transaction in which a firm or its employees, or affiliates have any other interest in the transaction. In general, the governing or other applicable documents of each client will prohibit any transaction with the firm or its affiliates unless the

terms of such transaction are on an arm's-length basis and on terms no less favorable to such client that would be obtained in a transaction with an unaffiliated party. Affiliated transactions must be conducted in accordance with Rule 206(3)-2 of the Advisers Act.

"Agency Cross Transactions". An agency cross transaction is a transaction in which an investment adviser acts as the broker for both the seller and purchaser of a security (and both/either the seller or the purchaser is a client).

C. Investing in Securities Recommended to Clients.

Our Code of Ethics is designed to ensure that our employees conduct their personal securities transactions in such a manner as to avoid putting their own personal interests first and to avoid conflicts of interest. Permitting employees to invest in the same securities as the Fund creates a conflict of interest, including that employees might benefit from market activity by the Fund. We attempt to mitigate this conflict by restricting our employee trading to mutual funds and Exchange-Traded Funds ("ETFs"). Trading by employees is regularly monitored under our Code of Ethics.

D. Conflicts of Interest Created by Contemporaneous Trading.

The Fund(s) may co-invest with third parties through joint ventures or other entities. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that a co-venturer or partner of the Fund may at any time have economic or business interests or goals which are inconsistent with those of the Fund, or may be in a position to take action contrary to the Fund's investment objectives. In addition, the Fund may be liable for actions of its co-venturers or partners. We manage this risk by limiting our liability to the extent permitted by law in our joint venture agreements.

Item 12. Brokerage Practices

A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions.

The SEC has indicated that among the specific obligations that flow from an adviser's fiduciary duty is the requirement to seek to obtain the best price and execution of client securities transactions where the adviser is in a position to direct brokerage transactions. When Alder Hill executes trades through broker-dealers on behalf of Clients, we must seek to obtain best execution for all client securities transactions by seeking to execute securities transactions for a client on terms that are the most favorable to the client under the circumstances. In selecting a broker-dealer, we will follow the selection considerations listed below.

We do not consider whether we, or a related person, receive investor referrals from a broker-dealer or a third party when selecting or recommending broker-dealers.

We are responsible for the placement of the portfolio transactions of our Funds and the negotiation of any commissions or spreads paid on such transactions. Portfolio securities are

normally purchased through brokers on securities exchanges or directly from the issuer or from an underwriter or market maker for the securities. Purchases of portfolio instruments through brokers involve a commission to the broker. Purchases of portfolio securities from dealers serving as market makers include the spread between the bid and the asked price. In placing portfolio transactions, we will seek to obtain the best execution for the Funds, taking into account such factors as price (including the applicable dealer spread or commission, if any), size of order, difficulty of execution, operational facilities of the firm involved and the firm's risk in positioning a block of securities.

Brokerage transactions are executed by brokers and dealers selected by us on the basis of a variety of factors, including the following: the ability to effect prompt and reliable executions at favorable prices; the operational efficiency with which transactions are effected; the financial strength, integrity and stability of the broker; the level of confidentiality maintained with respect to the Fund's transactions; the quality, comprehensiveness and frequency of available research services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying Alder Hill's other selection criteria. In addition, we may execute trades with brokers and dealers with whom the Fund has other business relationships, including prime brokerage, credit relationships and capital introduction relationships or with broker dealers that have invested, either directly or through affiliates, in the Fund or its affiliates. However, we do not intend for these other relationships to influence the choice of brokers and dealers who execute trades for the Funds.

1. Research and Other Soft Dollar Benefits.

We may use "soft dollars" to the extent permitted by applicable law. The term "soft dollars" refers to the receipt by an investment manager of products and services provided by brokers without any cash payment by the investment manager, based on the volume of revenues generated from brokerage commissions for transactions executed for clients of the investment manager. The investment manager may in the ordinary course use "soft dollars" to obtain research products and services.

We receive both solicited and unsolicited research from brokers, dealers and banks through which we execute portfolio trades or hold accounts. In circumstances in which we use such research, the quality and ability to receive research may factor into the selection of brokers, dealers and banks executing portfolio trades. Even in these cases, the broker-dealers are still evaluated in accordance with the criteria noted above.

Initially, we do not anticipate having any formal soft dollar arrangements with any broker-dealers.

2. Brokerage for Client Referrals.

We do not consider whether we, or a related person, receive investor referrals from a broker-dealer or a third party when selecting or recommending broker-dealers.

We do not direct client transactions to a particular broker-dealer in return for client referrals.

Capital Introduction Services

Goldman Sachs and Credit Suisse, the Alder Hill Fund prime brokers, have capital introduction (“Cap Intro”) departments that introduce our employees to potential qualified investors. For example, they will sponsor seminars or hold meetings to introduce us to consultants and qualified investors seeking private fund investments. Cap Intro is one of many factors considered in originating a relationship with any prime broker, but it is not a part of the consideration in selecting a broker-dealer to execute trades for our clients. We make decisions on how to allocate trading activity without regard to the Cap Intro services provided by our prime brokers.

No additional compensation is paid by us or our Funds for Cap Intro services.

While Cap Intro is typically a “free” service, various conflicts of interest do arise. While we do not compensate these broker-dealers based on Cap Intro’s, we may have an incentive to use the services of a prime broker in order to have access to their Cap Intro services. In addition, we benefit from arrangements where investors are referred to us because our management fees and performance fees are generally based upon a percentage of assets managed and/or net profits on such assets. Thus, the more assets we have under management, the higher our management fees received and, potentially, our performance compensation. Also, there is a direct conflict between a prime brokers’ desire to increase their revenues by raising capital through their prime brokerage services. The prime broker and/or its affiliates generally receive fees/commissions as a result of our decision to utilize its services as follows: custodian of client accounts managed by us; securities transactions executed on behalf of our clients; and lending funds and/or securities to us as part of our investment strategy, i.e. margin/short sale and/or securities lending programs. While this may present the appearance of a conflict of interest, the availability of the foregoing products and services is not contingent upon us committing to the primer brokers any specific amount of business (custody assets or trading commissions).

We do not use Fund brokerage commissions to pay for client referrals.

Representatives of Alder Hill may speak at conferences and programs for investors interested in investing in hedge funds that are sponsored by prime brokers and other brokers. These conferences and programs may provide opportunities by which we are introduced to potential qualified investors. Generally, the prime brokers are not compensated by us, our Funds, or potential investors for providing such Cap Intro opportunities. In addition, prime brokers and other brokers may provide financing and other services to us and our Funds. Alder Hill has a Code of Ethics designed to monitor and manage conflicts, including, without limitation, execution and brokerage services.

3. Directed Brokerage.

We do not routinely recommend, request, or require the execution of transactions through a specified broker-dealer. Additionally, we do not have any investor/client-directed brokerage arrangements and we do not currently permit such arrangements.

B. Order Aggregation.

To the extent that we were to manage other accounts, participation in specific investment opportunities may be appropriate, at times, for our Funds and one or more other accounts. Since our only account at this time is the Fund there are no conflicts regarding order aggregation.

When we have more than one Fund or client account to allocate opportunities to, we will seek to execute orders for all of the participating accounts on an equitable basis, taking into account such factors as the relative amounts of capital available for new investments and the investment programs and portfolio positions of the Fund and other Alder Hill funds or other account for which participation is appropriate. If we have determined to trade in the same direction in the same security at the same time for the Fund and any other Alder Hill fund or other account, we are authorized generally to combine the Fund's order with orders for any other Alder Hill fund or other accounts and if all such orders are not filled at the same price, the Fund's order may be filled at an average price, which normally will be the same average price at which contemporaneously entered orders are filled on that day. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, we may allocate the trades among the different accounts on a basis that it considers equitable and in accordance with firm policy.

Item 13. Review of Accounts

We are responsible for the regular and continuous monitoring of the Alder Hill Fund's investment portfolio. The Funds are managed in accordance with the particular investment objectives, limitations and guidelines as set forth in the Fund Governing Documents.

A. Frequency and Nature of Review.

We will actively measure and monitor key risk factors at both the portfolio level and the position level in order to minimize investment and liquidity risk and will attempt to dampen market correlation and volatility as deemed appropriate. At the portfolio level, key risk factors include limited leverage, limited concentration by security, sub-sector and asset class and daily stress testing through scenario analysis. We manage correlation risk across investment themes, strategies and asset classes. At the position level, we conduct ongoing risk evaluations of each investment and monitor various factors which include seeking a minimum upside/downside profile on a probability weighted basis, ongoing risk and liquidity evaluation and monitoring short interest on single name shorts.

B. Periodic Account Reviews

See item 5.A above.

C. Content and Frequency of Regular Account Reports.

We will furnish to investors, within 120 days after the end of each fiscal year, audited annual reports containing financial statements examined by independent auditors, as well as such tax information as is necessary or required by law.

In addition, we will furnish investors with quarterly letters on the performance of the Funds and unaudited monthly reports showing the value of each investor's capital account.

We may make adjustments in the Fund's financial statements for a fiscal year to conform to U.S. Generally Accepted Accounting Principles for financial reporting purposes. Any such adjustments, unless we determine otherwise, will not affect net asset value calculations or the allocation of gains or losses among investors' for such fiscal year.

An administrator performs certain administrative, accounting, registrar and transfer agency services for the Alder Hill Funds, subject to our overall supervision.

Fund investors are urged to review the reports and statements they receive from the Fund administrator and Alder Hill, and to contact us regarding any potential discrepancies.

See additional information in the custody section in Item 15 below.

Item 14. Client Referrals and Other Compensation

A. Economic Benefits Received from Non-Clients for Providing Services to Clients.

Neither we nor our supervised persons accept compensation for the sale of securities or other investment products.

B. Compensation to Non-Supervised Persons for Client Referrals.

We use the Cap Intro services offered by two of the prime brokers for our Funds, as described in Item 12 above.

If in the future we use solicitors, we will comply with the Advisers Act cash solicitation Rule 206(4)-3 in connection with marketing to prospective investors in our Fund(s) and current requirements under the general solicitation rules for private funds. We will only pay a fee to a solicitor pursuant to a written agreement, disclosures and due diligence reviews as required.

Item 15. Custody

Currently, we are deemed to have custody of Fund assets, including cash and securities, since we are General Partner of our Funds. Our Funds will be audited annually and because we distribute the Fund financial statements audited by a PCAOB-registered accountant to all Fund investors

within 120 days of the end of its fiscal year, we are deemed to be exempt from the special reporting requirements of the custody rule. Our fund administrator provides periodic investor statements, including the audited financial statements, as described above in Item 13.

Substantially all of our Fund's investments in marketable securities, as well as its cash and cash equivalents, are expected to be held at Goldman Sachs or Credit Suisse or affiliates of either, or other prime brokers or custodians selected by us. Bank debt assignments and participations and other instruments not constituting marketable securities generally are recorded through book entry by the borrower or by an agent for the borrower or the creditors. Documentary evidence of the acquisition, ownership and disposition of these assets typically will be held at our business offices for the benefit of the Fund. The Fund will place its assets in and conduct all or a significant portion of its investment and trading activities in parallel with other Feeder Funds through the Master Fund.

We may cause the Fund(s) to maintain certain of their investments in special purpose entities or accounts in order to facilitate co-investment. Ownership interests in such vehicles typically will be recorded by means of private book entry in records maintained by us.

Item 16. Investment Discretion

We have full and complete discretion as to the timing, amount and priority of implementation and selecting the specific investments to be purchased and sold for the Alder Hill Funds.

Any investment limitations will be documented in the applicable Fund Governing Agreements, or agreements for separately managed accounts if applicable.

Item 17. Voting Client Securities***A. Policies and Procedures Relating to Our Authority to Vote Client Securities.***

We have developed voting policies and procedures because we may be deemed to have authority to vote "requests" relating to the portfolio companies in which the Fund invests. Our proxy voting policy (the "Proxy Voting Policy") applies to the voting of proxies by our Firm for those client accounts over which we have proxy voting authority. Upon request, we will provide clients with a copy of our Proxy Voting Policy and actual votes cast.

Our Proxy Voting Policy is designed to ensure that we comply with the requirements under the Advisers Act and fulfill our obligation with respect to proxy voting, disclosure, conflicts of interest and record keeping. Our objective is to ensure that our proxy voting activities on behalf of our clients are conducted in a manner consistent, under all circumstances, with the best interest of our clients.

We monitor corporate actions, receive and vote client proxies according to our Proxy Voting Policy, disclose any potential conflicts of interest, and maintain relevant and required records.

Our CCO is responsible for ensuring the Firm follows the Proxy Voting Policy. Clients may contact Greg Pearson, our CCO, at (212)707-1006 for additional proxy voting information.

Item 18. Financial Information

We do not believe there is any existing financial condition that is reasonably likely to impair our ability to meet contractual commitments to our clients. We have not been subject to a bankruptcy petition at any time.
