

ITEM 1: COVER PAGE

WAVENY CAPITAL MANAGEMENT, LP Part 2A of Form ADV: Firm Brochure

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This brochure provides information about the qualifications and business practices of Waveny Capital Management, LP. If you have any questions about the contents of this brochure, please contact us at 415-635-0121 or zstout@waveny.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional Information about Waveny Capital Management, L.P. is also available at www.adviserinfo.sec.gov.

ITEM 2: MATERIAL CHANGES

Waveny has made the following material changes to this Brochure since the initial filing in July 2014.

Item 4: As of November 1, 2014, Waveny had total discretionary regulatory assets under management of approximately \$183,989,385.

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ITEM 4: ADVISORY BUSINESS

Waveny Capital Management, LP (“we” or “Investment Manager”) began operation in August 2014. We have applied for registration as an investment adviser with the U.S. Securities and Exchange Commission (the “SEC”) pursuant to the Investment Advisers Act of 1940 (the “Advisers Act”). We currently manage assets for three private investment funds arranged in a master-feeder structure – Waveny Onshore Fund, LP, a U.S. limited partnership (the “U.S. Feeder”); Waveny Offshore Fund, Ltd, a Cayman Islands exempted company (the “Offshore Feeder”); and Waveny Master Fund, LP, a Cayman Islands exempted limited partnership (the “Master Fund”). The U.S. Feeder and the Offshore Feeder invest substantially all of their assets in the Master Fund. We manage the Master Fund on a discretionary basis using proprietary techniques. We are also the Offshore Feeder’s “Sponsor,” with authority to perform certain activities for the Offshore Feeder. We refer to the U.S. Feeder and the Offshore Feeder as the “Feeders” and to the Feeders and the Master Fund collectively as the “Funds” or the “Clients.”

The Investment Manager’s sole general partner is Waveny Capital GP, LLC (“Waveny Holdings”). Peter Levinson (the “Principal”) is the principal owner of the Investment Manager, both directly as a limited partner of the Investment Manager and through his membership interest in Waveny Holdings. Zach Stout is also a limited partner in the Investment Manager. Mr. Levinson is also the principal owner and managing member of Waveny Fund GP, LLC, a Delaware limited liability company which acts as the only general partner of the U.S. Feeder and the Master Fund (the “General Partner”). Zach Stout is also a member of the General Partner. We sometimes refer to the General Partner and the Investment Manager, together, as “Waveny.”

Description of Advisory Services. The Investment Manager has full discretion to invest and trade the Master Fund’s assets. Mr. Levinson will principally be responsible for managing the Master Fund’s portfolio. The Master Fund generally has a broad investment mandate, with no contractual limitations on types of instruments in which we may cause it to trade or invest. The Master Fund will buy securities, sell securities short, and engage in short-term trading. It may invest and trade in options, other derivatives and other instruments.

Client Tailored Services and Client Imposed Restrictions. The Master Fund is managed pursuant to the objectives specified in the materials by which each Fund offers its ownership interests to investors. The General Partner and we alone will determine those objectives for the U.S. Feeder. The board of directors of the Offshore Feeder will have the authority to determine those objectives, subject to our agreement, and to supervise our conduct of the Offshore Feeder’s investment and trading activities. We have wide latitude in choosing investment and trading activities for the Master Fund. Neither the Master Fund’s partnership agreement nor our agreement with the Master Fund imposes any limits on the types of securities or other instruments in which the Master Fund may invest, the types of positions it may take, the concentration of its investments by sector, industry, fund, country, class or otherwise, the amount of leverage it may employ or the number or nature of short positions it may take. The Funds’ investors do not have the right to specify, restrict, or influence the Funds’ investment objectives or any investment or trading decisions.

Wrap Fee Programs. We do not participate in wrap fee programs.

Regulatory Assets Under Management. As of November 1, 2014, the aggregate regulatory asset value of accounts we manage (“regulatory assets under management” or “RAUM”) was \$183,989,385. We currently do not provide advice on a nondiscretionary basis.

ITEM 5: FEES AND COMPENSATION

Management Fee. We receive a “management fee” for managing the Funds’ investment portfolios and providing certain related services. The management fee will generally be calculated at a rate of 1.5% per annum of investors’ capital invested in a Fund. The management fee will be paid monthly in advance based on the value of investors’ capital as of the beginning of the relevant month.

Incentive Allocation. Through the Master Fund, the Funds make a special “incentive allocation” to the General Partner equal to 20% of the Master fund’s profits (both realized and unrealized) to the extent those profits exceed “unrecovered” losses from earlier periods – a “high water mark.” The Funds will, through the Master Fund, make incentive allocations at the end of each calendar year and at other times when investors withdraw capital, but then only in relation to the capital withdrawn. For each period, these allocations are the aggregate of amounts calculated separately for each investor or group of investors in each Fund.

Fees Generally. Our fees and the General Partner’s incentive allocation terms will not be generally negotiable, but our agreements with the Funds will give us the authority to vary them for particular investors. We may do so, for example, for certain initial investors in the Funds.

The Funds will pay our fees directly from their assets that we manage. Incentive allocations will take the form of increases in the value of the General Partner’s interest in the Master Fund.

Other Fees and Expenses. Each Fund (including the Master Fund) will pay all the expenses of its administration and operation, including those for:

- brokerage commissions and other transaction-related services (see “Brokerage Practices” below);
- bookkeeping, accounting, auditing, tax preparation and reporting, and other professional fees and expenses;
- legal;
- governmental fees and taxes;
- reporting;
- governance;
- similar ongoing operational expenses.

We provide office personnel and space required for the performance of our services for the Funds. The Funds will not reimburse us for doing so (except to the extent of our fees and incentive allocations).

The Funds do not expect to pay custodial fees directly. Their assets will be held by “prime brokers” as custodians. The Funds may be considered to pay for custodial services indirectly through: payments to the prime brokers of commissions and other transaction costs; payments of financing charges related to margin borrowings and stock loans; and the prime brokers’ ability to earn money

on certain balances the Funds maintain with them (subject to laws and regulations governing their activities).

Prepayment of Fees. The Funds will pay management fees monthly in advance. Investors will generally be allowed to withdraw capital or redeem shares only as of the end of a calendar month, at which time there generally will be no prepaid fees. We are not be required to refund any portion of our management fee to a Fund if that Fund allows an investor to withdraw or redeem as of a time other than a month-end.

Other Compensation. We will not, and our personnel will not, accept compensation for the sale of securities or other investment products.

Potential Conflict of Interest in Incentive Allocation and Management Fee. The structure and payment of the Incentive Allocation to the General Partner may involve a conflict of interest. The General Partner's opportunity to receive an Incentive Allocation could encourage the Investment Manager, as an affiliate of the General Partner, to make riskier or more speculative investments than it otherwise would. Additionally, the aggregate amounts the Investment Manager and the General Partner receive from the Master Fund may be greater than the amounts received by some fund sponsors and investment advisers for similar services, although they may be lower than the amounts received by others.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

The General Partner generally receives "incentive allocations" of a portion of the Master Fund's profits above "high water marks," as described above in "Fees and Compensation." While we and the General Partner will have the right to waive incentive allocations as to particular investors, we will manage the Master Fund's assets as an undivided pool, so any such waiver would not give rise to incentives to favor any particular account over another. Our potential to receive incentive allocations, and the fact that we will not have to refund those previously made if the Funds later experience losses, may create an incentive for us to make investments that are riskier or more speculative than would otherwise be the case.

ITEM 7: TYPES OF CLIENTS

We provide investment advice to privately-offered investment funds that are exempt from registration under the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act") because of Section 3(c)(7) of that act and, in the case of the non-U.S. Fund, its adherence to the substantive provisions of Section 3(c)(7) as to U.S. investors. In general, the minimum initial investment is \$1,000,000, however this amount can be reduced or waived by the Investment Manager.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Investment Strategy. We seek to earn high absolute investment returns with relatively low correlation to the broader market. We seek capital appreciation by investing in value-oriented, event-driven debt, equity, and derivative securities and opportunistically deploying capital to exploit dislocations and inefficiencies in the market during special situations. This underlying strategy is based upon the disciplined analytic approach and the many years of investment, legal, and corporate restructuring experience of the Investment Manager's principal, Peter Levinson.

Our strategy is to combine “value-oriented” and “event-driven” investing. We employ a “bottom up” approach.

“Value-oriented” investing is characterized by research directed at identifying gaps between the market valuations of financial instruments and the intrinsic values of the underlying assets or enterprises. These gaps are frequently created by business, financial, or legal uncertainties that depress market valuations of financial instruments, or discrete events that affect the valuation of a company or pool of assets.

“Event-driven” investing complements our value approach by identifying near- and intermediate-term catalysts that may affect investors’ perceptions of securities. By understanding the likelihood of value-creation catalysts, we are positioned to better gauge the holding period and internal rates of return of the Master Fund’s investments.

We intend, among other things, to invest in entities that: (i) are subject to business, legal, financial, or economic uncertainty, are undergoing significant transitions in credit quality or are facing impending events; (ii) possess complex capital structures; (iii) have limited or poor research coverage by the financial community; and/or (iv) are involved in other special situations.

We may invest all kinds of financial instruments, commodities, and markets, including equity securities, debt securities, structured investments and derivative instruments. While not a principal focus, we may invest or trade in commodities, either directly, through futures or other derivative contracts, or through equity in companies whose businesses are related to commodities.

In some cases, no market or only a limited market may exist for these kinds of investments. We may sell securities short, either directly or through derivatives, for hedging and non-hedging purposes.

Investing in securities involves a risk of loss that investors should be prepared to bear. The Funds are designed for experienced and sophisticated investors who are able to bear the risk of substantial impairment or loss of their investment in the Funds.

Material Risks of Our Strategy

The following is a summary of some of the material risks associated with our investment activities. It does not attempt to describe all of the risks associated with those activities.

Investment Selection; Reliance on Waveny. We believe the primary risk of our investment strategy will relate to investment selection – the risk that our techniques may, at least over certain periods, result in selections of securities or combinations of securities positions that decline in value or do not appreciate as much as alternatives. The Funds’ success will depend on the ability, judgment and expertise of Peter Levinson and our other personnel to develop and implement investment strategies to achieve the Funds’ investment objectives. The Funds’ investment performance could be materially and adversely affected if Mr. Levinson were to die, become ill or disabled, or otherwise cease to be actively involved in managing the Master Fund’s portfolio. Investors will have no right or power to take part in the Funds’ management.

Concentration of Investments. Generally the Master Fund will not be as diversified as many other investment funds. While we intend to limit investments that could create excessive concentration in a particular company or industry, our agreement with the Master Fund does not require us to do so, nor must the Master Fund divest positions when appreciation (or other positions’ depreciation)

causes them to comprise an outsized portion of the Master Fund's portfolio, and the Master Fund may at times have a relatively large portion of its capital exposed to a relatively small number of positions and/or a particular industry. Losses in one or more large positions, or a downturn in an industry in which the Master Fund is concentrated, could materially adversely affect the Funds' performance and could have a materially adverse effect on the Funds' overall financial condition.

Investments Based on Valuation. The Master Fund generally invests in securities we believe are undervalued and may sell short securities we believe are overvalued. Identifying investment opportunities of these kinds is a difficult task, and neither we nor the Fund can provide any assurance that we will succeed at it. While investments in undervalued securities offer opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. And short sales based on expectations that market participants will come to agree that a stock is overpriced can theoretically involve even higher risks. The Master Fund may be required to hold positions for a substantial period before market prices reflect our beliefs about their value. Returns generated from the Master Fund's investments may not adequately compensate for the business and financial risks assumed.

Distressed Investments. The Master Fund may invest in "distressed" securities – claims and obligations of issuers that are experiencing significant financial or business difficulties. Investments may include loans, loan participations, trade claims held by trade or other creditors, stocks, partnership interests and similar financial instruments, executory contracts and options or participations therein not publicly traded. The Master Fund may lose a substantial portion or all of its investment in a distressed situation or may be required to accept cash or securities with a value less than its investment. Among the risks inherent in investments in entities experiencing significant financial or business difficulties is the fact that it frequently may be difficult to obtain information as to the true condition of the issuers. These investments also may be adversely affected by state and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims. The market prices of distressed entity investments are subject to abrupt and erratic market movements and above average price volatility, and the spread between the bid and asked prices of these investments may be greater than normally expected. In trading distressed securities, litigation is sometimes required, which can be time-consuming and expensive and can frequently lead to unpredicted delays or losses. To the extent the Master Fund invests in distressed sovereign debt obligations, it will be subject to additional risks and considerations not present in private distressed securities, including the uncertainties involved in enforcing and collecting debt obligations against sovereign nations, which may be affected by world events, changes in U.S. foreign policy and other factors outside of our control.

Special Situations. The Master Fund expects that, among its distressed securities investments will be investments in companies involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving these types of special situations, there exists the risk that the contemplated transaction either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security with a value less than the Master Fund's purchase price for the security or other financial instrument in respect of which the distribution is made. Similarly, if an anticipated transaction does not occur, the Master Fund may be required to sell its investment at a loss. As with other distressed company investments, the Master Fund could lose its entire investment in special situation investments.

Timing of Gains and Losses; Volatility. The Master Fund may need to hold some of its positions for significant periods before their success or failure becomes apparent or any gains can be realized. It may take longer for successful positions to realize their potential than for unsuccessful ones to reveal their weaknesses. Market prices of portfolio positions may be expected to fluctuate significantly over the Master Fund's holding periods, causing the Funds' performance to be volatile over the short term.

Limited Liquidity of Investments. Many of the Master Fund's investments may be relatively illiquid. An investment may be illiquid because it is thinly traded or because the Master Fund's position in it is large in relation to the overall market for the security. The Master Fund may own (or have a short position in) securities that are relatively liquid when acquired (or sold short) but that later become illiquid. The Master Fund may not be able to liquidate illiquid positions if the need were to arise; rapid sales of such securities could depress the market value of those securities, reducing the Master Fund's profits, or increasing its losses, in the positions (and rapid purchases to cover short positions could have the corollary effect). In addition, while it does not currently intend to, the Master Fund may buy securities that are not immediately saleable in the public markets.

Debt Instruments. The Master Fund may invest significantly in debt or other fixed-income instruments, including bonds and debentures. Particular types of debt instruments are subject to various risks that are specific to the ways in which they are structured, the industries and markets in which their issuers participate, the assets underlying the instruments, the impact of applicable tax or regulatory factors, and numerous other specific factors. But the values and prices of all debt instruments are subject, in substantially the same way (albeit with differing levels of sensitivity), to credit risk, market risk, and interest rate risk.

- *Credit risk* is the risk that a fixed income security will decline in price, or fail to pay interest or principal when due, because the issuer of the security experiences a decline in its financial status.
- *Market risk* relates to the changes in the market perceptions of the risk of an issuer, country, or region. The market values of debt instruments, particularly non-investment grade debt, may be more volatile than the values of other investments and, during periods of economic uncertainty and change, the market price of these investments can decrease rapidly and dramatically.
- *Interest rate risks* include: (i) if interest rates increase, the value of fixed income securities will generally decline; (ii) during periods of rising interest rates, the average life of certain fixed income securities may be extended because of slower than expected principal payments, which may lock in a below market interest rate, increase the security's duration, and reduce the value of the security (*i.e.*, extension risk); and (iii) during periods of declining interest rates, the issuer of a security may exercise its option to prepay principal earlier than scheduled, forcing the Master Fund to invest in lower yielding securities (*i.e.*, call or prepayment risk).

Active or Suggestive Investing. Particularly in connection with distressed investments, we may communicate with the issuer of a security in an attempt to influence the issuer's decisions or strategies and enhance the value of the Master Fund's investment. This could occur when the Master Fund has or seeks to take a position in an issuer's securities that is material relative to other holders of the issuer's outstanding securities. The Investment Manager's efforts may be ineffective for a variety of reasons, including: (i) opposition by the issuer's management or shareholders of the subject company; (ii) "preemptive" defensive efforts by the issuer, including a merger with, or a friendly tender offer by, another company; (iii) material changes in securities prices; (iv) intervention by a governmental agency; or (v) the issuer's corporate governance mechanisms. Successful advocacy with an issuer may also depend on the active cooperation of shareholders and

others with an interest in the issuer, which may not materialize or may change. Even if our efforts succeed, market reactions may not be what was anticipated or hoped for and, particularly if the Master Fund's position in the issuer is material relative to other security holders, the Master Fund may be unable to exit its position at a favorable price.

Small and Medium Capitalization Stocks. The Master Fund may invest in stocks of companies with relatively small- or medium-sized market capitalizations. While we believe these stocks can provide significant potential for appreciation, they can involve higher risks than investments in stocks of larger companies. For example, prices of small-capitalization and some medium-capitalization stocks are often more volatile than prices of large-capitalization stocks and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) may be higher than for larger, "blue-chip" companies. In addition, thin trading in some small- and medium-capitalization stocks may make those stocks less liquid than large-capitalization stocks.

Short Selling. We intend that the Master Fund will sell securities short as a regular part of its investing activities. The Master Fund may do so in order to profit from declines in the prices of securities it consider overvalued, or to hedge long positions.

Hedging. We may use hedging strategies to the extent we consider appropriate in light of current circumstances and portfolio composition. It may do so using short positions in one instrument to hedge long positions in another instrument, and vice versa. Hedging strategies in general are intended to limit or reduce investment risk, but they can also be expected to involve transaction costs and may inherently limit or reduce the potential for profit. Hedges are often imperfectly inversely correlated with the underlying exposure the Master Fund seeks to hedge and, to the extent that is the case, can subject the Master Fund to additional risk, if prices involved in the hedging position move against the Master Fund. The Master Fund will not attempt to hedge all market or other risks inherent in its positions, and will hedge certain risks, if at all, only partially.

Portfolio Leverage. Leverage in the Master Fund's portfolio could increase both the possibilities for profit and the risk of loss. If the Master Fund were to borrow to leverage its investments (margin borrowing), that borrowing would probably be secured by the Master Fund's securities and other assets. Margin borrowings typically allow the lender to demand an increase in the collateral that secures the Master Fund's obligations, and if the Master Fund were unable to provide additional collateral, the lender could liquidate the collateral to satisfy the Master Fund's obligations. Forced liquidation could have extremely adverse consequences, including sales at disadvantageous times and prices and the acceleration of tax consequences.

Non-U.S. Securities. The Master Fund may invest and trade in securities of non-U.S. companies or governmental entities, and in securities, commodity interests, and derivative contracts and instruments denominated in currencies other than U.S. dollars. Such securities and other instruments can subject the Funds to risks not typically associated with investing in securities and commodity interests in the U.S. Many foreign securities markets are not as developed or efficient as those in the U.S. and may be more volatile than the U.S. markets. The costs and expenses of investing in non-U.S. markets are generally higher than in the United States. There is generally less publicly available information about non-U.S. companies as compared with U.S. companies. This makes it more difficult for us to keep informed of corporate actions that may affect the price of a particular security. Additionally, some non-U.S. economies are less stable than the U.S. economy, due to, among other things, volatile political environments, less stable monetary systems and/or external political risks.

ITEM 9: DISCIPLINARY INFORMATION

We have not been involved in any legal or disciplinary events since our inception that would be material to a client's evaluation of our company or our personnel.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither we nor any of our employees are registered, or have an application pending to register as a broker-dealer or registered representative of a broker-dealer, futures commission merchant, or commodity pool operator. Neither we nor any of our employees have any relationships or arrangements with other financial service companies that pose material conflicts of interest.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

The Investment Manager has adopted a Code of Ethics to ensure that it fulfills its role as a fiduciary to the Funds. The Code of Ethics requires that employees of the Registrant act in the best interests of the Funds to the exclusion of contrary interests, act in good faith and in an ethical manner, avoid conflicts of interest with the Funds to the extent reasonably possible, and identify and manage conflicts of interest to the extent that they arise. Employees of the Registrant are also required to comply with applicable provisions of the federal securities laws and make prompt reports to the Registrant or appropriate party of any actual or suspected violations of such laws by the Registrant and its employees or affiliates. In addition, the Code of Ethics sets forth formal policies and procedures with respect to the personal securities trading activities of the Registrant's employees. The Code of Ethics generally prohibits employees from effecting transactions in individual equity securities, with the exception of the sale of individual equity securities held prior to the commencement of employment with the Registrant, requires that employees pre-clear certain public and private personal securities transactions, report all securities transactions on at least a quarterly basis and provide the Registrant with a summary of securities holdings on at least an annual basis.

The Code of Ethics also addresses outside activities of employees, conflicts of interest, policies and procedures concerning the prevention of insider trading, and includes restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, as well as the reporting of political contributions. Employees are required to provide a written certification to the Registrant as to their compliance with the Code of Ethics on an annual basis. Upon request, the Registrant will provide a copy of the Code of Ethics to any Fund or Investor, or prospective Fund or Investor.

Potential Conflicts of Interest

Conflicts may arise between our interests on the one hand and those of our clients (or, in the case of the Funds, investors) on the other. Our agreements with the Funds grant us and the General Partner broad discretion as to many matters and limit our (and the General Partner's) fiduciary duties.

None of the agreements between Waveny and the Funds require us, the General Partner, their respective affiliates, partners, officers or employees to provide the Master Fund with any particular investment opportunity or refrain from themselves taking advantage of any investment opportunity

that could be beneficial to the Master Fund. We have sole discretion to determine whether a particular investment opportunity is appropriate or desirable for the Master Fund.

Other aspects of the Master Fund's investment and trading activities could involve conflicts between our interests and those of the Funds' investors. Examples include the following:

Control Situations. The Master Fund could invest in securities issued by a company of which the Master Fund is considered an "affiliate" or own beneficially more than 10% of the outstanding voting securities. In such a case, we could face potential adverse economic consequences if the Master Fund were to trade in that company's securities under various circumstances. The potential for such consequences could create an incentive for us to avoid transactions that might otherwise be beneficial for the Master Fund.

Asset Valuation

The Master Partnership Agreement gives the General Partner substantial discretion in determining the value of the Master Fund's assets. Although most marketable securities and other instruments are valued based on prices reported in the public markets, where third-party pricing of an asset (or the amount the Master Fund would have to pay in order to close a position) is not readily available, valuation will be in the General Partner's discretion. In addition, where the General Partner determines market-based pricing information does not fairly indicate the value of an investment position, the Master Fund may assign a different (less favorable) value.

Waveny may have incentives to assign higher values to securities than the values for which those securities could be sold. Assigning a high value to investments would increase Management Fees, increase (or give rise to) Incentive Allocations, or reduce the amount of loss carryforward to be recovered before an Incentive Allocation may be made in a subsequent period. And any reduction in the value of assets would reduce the amount of Management Fee to which we are entitled.

ITEM 12: BROKERAGE PRACTICES

The Master Fund will incur substantial brokerage commissions and other transaction expenses. We have complete discretion in deciding what brokers, dealers, and other financial intermediaries and counterparties (each, a "Transacting Party" and collectively, "Transacting Parties") to use for portfolio transactions. We also have complete discretion to negotiate compensation arrangements and transaction terms with Transacting Parties. These arrangements may include not only paying commissions for transactions effected on any agency basis, but also compensation implicit in prices of transactions directly with Transacting Parties acting as principal. The following describes some noteworthy aspects of the Investment Manager's and the Master Fund's use of, and relationships with, Transacting Parties.

In choosing Transacting Parties, we will generally seek "best execution" of the Master Fund's securities transactions. What constitutes "best execution" and determining how to achieve it are, in many cases, inherently uncertain. In evaluating whether a Transacting Party will provide best execution, we will consider a range of factors. These include, among others: (i) historical net prices (after commissions, markups, markdowns and other transaction-related compensation) the Transacting Party has provided; (ii) the Transacting Party's execution, clearance and settlement and error correction capabilities generally and in connection with securities of the type and in the amounts to be bought or sold; (iii) the market for the security; (iv) the Transacting Party's reliability

and financial stability; (v) the size of the transaction; (vi) the availability of securities to borrow for short sales; (vii) the Transacting Party's willingness to commit capital; and (viii) as discussed more fully below, the nature, quantity and quality of research and other services and products the Transacting Party provides. At times, the Master Fund may pay more than the lowest transaction cost available in order to obtain services and products other than the execution of securities transactions.

We may choose a Transacting Party in recognition of referrals of investors, including investors in other investment funds we manage (if any) (including use of prime broker capital introduction services), referrals of advisory clients, or the potential for future referrals. To the extent that we would otherwise be obligated to pay for these referrals, this practice would present a conflict of interest. Even without that obligation, we face a conflict because we benefit from increases in the Funds' size.

ITEM 13: REVIEW OF ACCOUNTS

We will review the Master Fund's portfolio periodically as part of our ongoing portfolio management activities. Reviews are conducted by the Portfolio Manager or designee on a frequent basis considering relevant account objectives, market activity, and other criteria.

We will not provide formal reports to the Funds. Each Fund will prepare annual financial statements that it causes to be audited by an independent certified public accounting firm and will provide those statements to its investors and, in the case of the Offshore Feeder, its board of directors. The Funds will provide quarterly financial reports. The U.S. Feeder will also provide investors with Forms K-1 or other appropriate information to enable investors to prepare their income tax returns.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Other than as discussed above in "Item 12: Brokerage Practices," we will not receive any other economic benefits from non-clients in connection with the provision of investment advice to clients. We do not compensate any person for investor or client referrals.

ITEM 15: CUSTODY

Under a rule under the Investment Advisers Act, because the General Partner is our affiliate, we are considered to have "custody" of the U.S. Feeder's and the Master Fund's assets, even though an independent custodian (one or more prime brokers) actually holds those assets. That Rule generally requires investment advisers that have custody of their clients' assets to cause certain account statements detailing holdings and transactions to be sent to clients and impose certain other obligations. However, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund because it complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception", among other things, each Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year. . We will be subject to these reporting and other obligations.

ITEM 16: INVESTMENT DISCRETION

Our agreements with the Master Fund grant us complete discretion to manage the Master Fund's investment portfolio, without any specific limitations. *See* the description above in "Advisory Business" and "Methods of Analysis, Investment Strategies and Risk of Loss."

ITEM 17: VOTING CLIENT SECURITIES

It is the Investment Managers policy to vote all proxies received by it in accordance with the management recommendations, unless otherwise instructed by the Investment Managers' Investment Personnel. The Investment Manager is responsible for overseeing and monitoring all proxy votes to ensure that such votes adhere to the proxy voting policy and procedures.

It is our general policy to vote proxy proposals, amendments, consents or resolutions relating to Client securities, including interests in private investment funds, if any (collectively, "proxies"), in a manner that serves the best interests of our clients taking into account relevant factors, including, but not limited to, the impact on the value of the securities; the anticipated costs and benefits associated with the proposal; the effect on liquidity; and customary industry and business practices.

For routine matters, we will vote in accordance with the recommendation of the company's management, directors, general partners, managing members or trustees (collectively, the "Management"), as applicable, unless, in our opinion, such recommendation is not in the best interests of our Clients. For non-routine matters, we will generally vote in accordance with the recommendation of the company's Management; however, such proxies related to non-routine matters may be voted on a case-by-case basis in the best interests of the Clients (as determined by the portfolio managers and analysts whose responsibilities include coverage of the sector for which the proxies are being voted).

ITEM 18: FINANCIAL INFORMATION

We do not require or solicit prepayment six months or more in advance of more than \$1,200 in fees per Fund, and therefore have not included a balance sheet. We are not aware of any conditions that are reasonably likely to impair our ability to meet contractual commitments to the Clients. We have never been the subject of a bankruptcy petition