

ITEM 1: COVER PAGE

PART 2A OF FORM ADV: FIRM BROCHURE

INSIGHT ADVISORS, LLC

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This brochure (this “Brochure”) provides information about the qualifications and business practices of Insight Advisors, LLC (the “Investment Adviser”). If you have any questions about the contents of this Brochure, please contact us at (310) 990-3958. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. The Investment Adviser is registered as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training. Additional information about Insight Advisors, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2: MATERIAL CHANGES

There are no material changes to report since our initial filing dated November 4, 2014.

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ITEM 4: ADVISORY BUSINESS

General Description of Advisory Firm.

Insight Advisors, LLC (“Insight” or the “Investment Adviser”) is a limited liability company organized in 1998 under the laws of the state of Delaware and is owned and controlled by Michael A. Tito.

Insight is the first online hedge fund manager “robo-advisor” giving individual investors the ability to more fully diversify their portfolios via access to an automated solution.

Insight aims to fill the gap between liquid alternative mutual funds and high minimum hedge funds by providing a new option for investors who, based on their income level, may not be eligible under accredited investor rules to invest in private funds. After completing an online questionnaire concerning their personal finances, investment goals and time horizon at www.insightadvisorsllc.com, clients receive hedge fund investment advice through its interactive website.

Insight’s computer-based application and algorithm processes and analyzes each client’s response, creates an investment plan, and then helps the client implement that plan through low cost, low minimum investments in equity long/short, event driven, global macro, and relative value hedge fund strategies.

Insight utilizes separately managed accounts, or SMAs, an alternative to funds and ETFs. In contrast to owning a share in a fund, SMAs allow the investor to own each of the individual stocks that comprise the investment strategy. Ownership of the individual securities enables advanced customization and tax management techniques.

With a four-year history, Insight Advisors offers superior risk-adjusted returns with low correlation to indices primarily by using security selection, or “alpha” as opposed to overall market exposure, or “beta.”

Description of Advisory Services.

The Investment Adviser provides discretionary investment advisory services. Investors may invest in a discretionary pooled investment vehicle or have Insight manage its assets via a separate account arrangement governed by an investment management agreement.

Insight’s investment advisory services for separate accounts consist of sourcing and analyzing investment opportunities, making investments, monitoring investments, disposing of investments already made by each Client, and providing risk management services to each Client. The service is offered through Insight’s interactive website, www.insightadvisorsllc.com. Unless the context clearly indicates otherwise, this discussion is illustrative of the terms of a typical Client for which Insight provides advisory services. The terms applicable to a particular Client may vary from those described herein, as described more specifically in the respective investment

management agreement with such Client. Insight's Clients take an online questionnaire that measures their risk tolerance, investment goals, and investment objectives. It may also gather other information about the Client such as investment experience, household income, age, and investable assets. The Client's answers are used to formulate a recommended investment allocation. The Client has the option of receiving the recommendation by email and executing the transactions themselves, or having Insight execute the transactions in the Client's account.

Insight's portfolio management services are tailored to the goals of each portfolio. Although a Client may place restrictions upon the types of securities or specific securities to be purchased, sold or held in such Client's account, these restrictions must be in writing and accompany the applicable investment management agreement.

With regard to the pooled investment vehicle, Insight serves as managing member of Insight Multi-Strategy U.S. Partners LLC, a Delaware limited liability company organized in February 2010 (the "Fund"). The Fund is not registered as an investment company, in reliance on Section 3(c)7 of the Investment Company Act of 1940, as amended (the "ICA"), which permits private investment companies (such as the Fund) to sell their interests on a private placement basis to "qualified purchasers," as such term is defined in the ICA.

Insight does not participate in or sponsor wrap-fee programs.

Assets Under Management. Insight manages approximately \$ 2,308,224 as of February 28, 2015 on a discretionary basis. Insight does not manage any assets on a non-discretionary basis.

ITEM 5: FEES AND COMPENSATION

A. Advisory Fees and Compensation.

Separate Accounts

As compensation for its investment advisory services, Clients who elect to have Insight manage their separate accounts are charged a management fee based on the Client's assets under management. Insight does not charge any fees for emailed investment recommendations.

A Client with a managed separate account will typically pay Insight a management fee equal to 2.0% annualized of a Client's separate account net liquidation value, calculated and payable on a daily basis. These management fees are generally non-negotiable, but at times certain Clients may pay a management fee in excess of this amount.

For those Clients that are "qualified clients", as defined under the Investment Advisers Act of 1940, as amended (the "Advisors Act"), Insight will also charge an incentive allocation or performance fee at the end of each calendar quarter of 20% of the realized and unrealized net profits (if any) of the Client's account for such calendar quarter in excess of a high watermark, in compliance with the requirements of Rule 205-3 of the Advisors Act. In measuring the assets for the calculation of the incentive allocation or performance fee, Insight includes both realized and unrealized gains and losses. Clients should note that the incentive allocation may be paid on

unrealized gains which may subsequently never be realized. The use of a high water mark protects Clients by preventing the payment of an incentive allocation on current gains until the portfolio's prior losses have been recouped. In the event that a Client withdraws assets other than on the last business day of a calendar quarter, any incentive allocation or performance fee attributable to the account will be determined and paid as of the withdrawal date.

The management fees and the performance fees will be deducted directly from a Client's separate account.

Insight may waive any portion of any management fee, incentive allocation and performance fee for any Client in its sole and absolute discretion. Insight will generally waive the portion of the management fees and the incentive allocations and performance fees otherwise payable by the Clients which are attributable to any applicable Clients that are members, officers, principals, directors or employees of Insight, or their family members. Insight has imposed different fees (both asset- and performance-based) on different Clients and may do so in the future.

Pooled Investment Vehicle

As compensation for its investment advisory services to the Fund, Insight is paid a quarterly management fee equal to 0.50% of each investor's beginning capital account for the quarter (2.0% per annum), payable in advance. In addition, Insight is generally entitled to a quarterly incentive allocation of 20% of the net capital appreciation allocated to each investor, provided that losses previously allocated to an investor's capital account have been recovered. In measuring the assets for the calculation of the incentive allocation, Insight includes both realized and unrealized gains and losses. Investors should note that the incentive allocation may be paid on unrealized gains which may subsequently never be realized. The use of a high water mark protects investors by preventing the payment of an incentive allocation on current gains until the portfolio's prior losses have been recouped.

The incentive allocations and performance fees are generally nonnegotiable. These performance-based fees received by Insight, to the extent subject to the requirements of Section 205 of the Advisers Act, are paid in compliance with Rule 205-3 under the Advisers Act. For some Clients, performance-based fees on certain investments in other private investment vehicles may be reduced or waived altogether. Performance fees may create an incentive for Insight to make investments that are riskier or more speculative than would be the case in absence of a performance fee and Insight's compensation may be larger than it would otherwise be because the fee will be based on unrealized as well as realized gains in Client's accounts. Clients and prospective clients are advised to bear in mind that it is possible that lower fees for services comparable to those offered by Insight may be available from other sources. Performance-based fees will only be charged in accordance with the provisions of CCR Section 260.234.

The management fees and the performance fees are deducted from the assets of the Fund. The management fee is deducted on a monthly basis and the performance fee is generally deducted or allocated, as applicable, on an annual basis.

Additional Fees and Expenses.

Insight's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which will be the responsibility of the Client. Clients will also incur additional charges directly imposed by custodians, brokers, third party investment and other third parties such as custodial fees, deferred sales charges, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Such charges, fees and commissions are exclusive of, and in addition to, Insight's management fee and any performance fee and Insight shall not receive or bear any portion of these commissions, fees, and costs.

For a more detailed description of the Fund's expenses, please refer to the Confidential Offering Memorandum of the Fund.

Item 12 further describes the factors that Insight considers in selecting broker-dealers for discretionary client transactions and determining the reasonableness of their compensation (e.g., commissions).

Additional Compensation.

Neither Insight nor any of its supervised persons accepts compensation (e.g., brokerage commissions) for the sale of securities or other investment products.

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

Insight charges performance-based fees for all managed separate accounts and for the Fund.

Performance fees give rise to certain conflicts of interest. Specifically, our entitlement to a performance fee in managing one or more accounts may create an incentive for us to take risks in managing assets that we would not otherwise take in the absence of such arrangements. Additionally, since performance fees reward us for performance in accounts which are subject to such fees, we may have an incentive to favor these accounts over those that have only fixed asset-based fees with respect to areas such as trading opportunities, trade allocation, and allocation of new investment opportunities.

Side-by-side management of various types of portfolios raises the possibility of favorable or preferential treatment of a portfolio or a group of portfolios arising from differences in fee arrangements. In order to ensure that no Client is favored over another due to fee structure, size of account, relationship, etc., Insight maintains policies and procedures designed to treat similarly situated clients fairly, subject to each Client's individual guidelines, trading conditions and restrictions. In order to accomplish this, we have in place a trade allocation policy, which will be amended as needed to accommodate evolving business needs.

ITEM 7: TYPES OF CLIENTS

Insight generally provides and can provide investment advisory services to a wide variety of retail and high net worth individual and institutional investors, including pension funds, Taft-Hartley Plans, profit sharing funds, charitable organizations, educational institutions, trust accounts, estates, corporations or other business entities, banks and thrift institutions, insurance companies, governments and municipalities.

The minimum accounts size for a separate account is \$10,000, which may be waived by Insight in its sole discretion. Accounts of related parties may be aggregated to reach the minimum.

The minimum initial subscription for interests in the Fund is \$250,000, subject to the discretion of Insight to accept lesser amounts.

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

A. Methods of Analysis and Investment Strategies.

The descriptions set forth in this Brochure of specific advisory services that the Investment Adviser offers to clients, and investment strategies pursued and investments made by the Investment Adviser on behalf of its clients, should not be understood to limit in any way the Investment Adviser's investment activities. The Investment Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that the Investment Adviser considers appropriate, subject to each client's investment objectives and guidelines. The investment strategies the Investment Adviser pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.

Insight's investment program seeks to provide investors with exposure to a diversified portfolio of alternative investment strategies employed by hedge funds and proprietary trading desks of investment banks. Insight pursues long/short strategies utilizing primarily bottom-up, fundamental value analysis and short-term trading approaches that utilize proprietary analysis and models of Insight. Insight may generally utilize hedging strategies for Clients, as more fully described in the Investment Management Agreement with each Client or the applicable Confidential Offering Memorandum of such Fund.

Investment Objective

Insight's Multi-Strategy Investment Program seeks to provide investors with exposure to a diversified portfolio of investments utilizing alternative investment strategies. The Program's multi-asset structure seeks to take advantage of broad market opportunities. The Investment Advisor will not follow a rigid investment policy that would restrict it from participating in any market, strategy or investment. In fact, Client's assets may be deployed in whatever markets or

strategies are deemed appropriate under prevailing economic and market conditions to attempt to achieve long-term capital appreciation. Insight Advisors may employ one or more of the investment strategies discussed below, among others. The discussion of particular strategies below is not, in any way, intended to predict the mix of strategies that will be represented in a client's portfolio. In fact, only a limited selection of the depicted strategies may be represented in the portfolio.

Investment Strategies

Equity Long/Short. This strategy includes the purchase and sale of listed equities. Generally investments will be in mis-priced securities trading at substantial discounts to underlying fundamental values, or alternatively, on the short side, identify securities trading at substantial premiums to underlying fundamental values. Investments should possess a confirmable thesis for trading at a discounted or premium level and also have an identifiable catalyst for the disparity to be eliminated.

Fundamental Equity Long/Short Equity investing involves the purchase and sale of listed equity and equity-related financial instruments usually based on fundamental research and analysis. Equity long/short investing involves the purchase of financial instruments that are believed are undervalued and the short sale of financial instruments determined to be overvalued. Market risk is managed by varying their levels of long and short exposure. For us, Equity Long/Short also includes short and medium term computerized quantitative trading strategies. This strategy attempts to identify groups of stocks that are fundamentally similar in some aspect, and then trying to exploit anomalous, statistical relationships between stocks within each group. Security forecasts are created statistically using both technical and fundamental data to take advantage of small anomalies in liquid markets.

Event Driven. This strategy entails investing in securities of companies involved in mergers or acquisitions. The strategy also includes investing in stocks of companies involved in spin-offs, capital structure reorganizations, liquidations, and companies experiencing financial or operational difficulties.

One of the more basic forms of event driven investing is merger arbitrage. Merger arbitrage entails investing in the securities of companies involved in mergers or acquisitions. In a typical stock acquisition transaction, merger arbitrageurs will purchase the stock of the target company and sell short the stock of the acquirer with the objective of realizing profits as the spread between the stock price of the target company converges with the stock price offered by the acquiring company. In a typical cash tender offer, this strategy may involve the purchase of the stock of the target company with the objective of profiting from the difference between the stock's current market price and the announced offer price. In both examples, the realization of profit depends on the consummation of the merger or acquisition. Other sources of income for this strategy include dividend payments and rebates net of expenses.

We also include distressed security investing under the event driven umbrella. Distressed strategy involves investing in the securities of companies experiencing financial or operational difficulties. These securities generally are of below investment grade quality and trade at

substantial discounts to par value and, in part, each strategy is premised on the need for certain classes of investors to sell low-credit instruments. Profits are made based on two kinds of mispricings: (i) fundamental or intrinsic value; and (ii) relative value between comparable securities.

Finally, event driven also includes special situation investing. Special situation investing involves the purchase and sale of stocks of companies involved in spin-offs, capital structure reorganizations, liquidations and other similar corporate restructuring events. This strategy involves seeking profits by taking positions in financial instruments that become mispriced due to these special situations.

Relative Value. This investment technique exploits relative-value inefficiencies in the fixed income securities market. Undervalued assets are purchased and hedged and overvalued assets are sold short, resulting in a positive return to the investor regardless of movements in interest rates. This strategy can also include convertible arbitrage, or purchasing an undervalued convertible bond, while hedging with a short position in the underlying equity. The future relationship of the prices of the two securities should be reasonably predicted, and profits are made as the price of the convertible bond converges to its fair value.

Global Macro. Investing long and short in global financial instruments based on a top-down economic and capital market conditions. The strategy also utilizes proprietary computerized quantitative models and trading strategies focused on commodity trend following.

Global Macro strategies involve taking long and short positions in financial instruments based on a top-down view of economic and capital market conditions. The process begins by evaluating opportunities based on economic factors, working their way down to industry, sector, and company specific fundamentals. Investments are usually made in a wide variety of instruments including stocks, bonds, currencies, derivatives and commodities. Judgments must be made about the expected future price direction of these instruments and that opinion is expressed by taking long or short positions in these instruments. A top-down approach is used to identify long and short investment opportunities, and wide range of tools are relied upon to assist in making these judgments, including, but not limited to, instinct and human judgment. Interest rates, along with other economic indicators, are the main tools used in the research and security selection process. We also utilize Systematic/Short-Term Commodities Trading as part of our Global Macro strategy. We build proprietary computer-based models and trading strategies that seek to profit from long and short investment opportunities. Very active, high portfolio turnover trading strategies are usually employed in order to capture profits from shorter-term trading patterns and trends. Commodity futures and related options contracts based are purchased and sold on supply and demand factors affecting pricing within each market. The commodity futures contracts traded may include agricultural commodities (such as corn, oats, wheat and oils), metals (such as gold, silver, copper, platinum and palladium), energy products (such as crude oil, gasoline, heating oil, natural gas, coal and propane), along with equity/bond index and currency futures. Commodity-related equities may also be used to implement the strategies.

Dedicated Short. This strategy is a dedicated completion portfolio designed to reduce unwanted market risks using short sales. A short sale involves the sale of a security which a Client does not

own in the expectation of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. To make delivery to the buyer, the Client must borrow the security and is obligated to return the security to the lender, which is accomplished by a later purchase of the security by a Client. When a Client makes a short sale, it must leave the proceeds thereof with the broker and it must also deposit with the broker an amount of cash or United States Government or other securities sufficient under current margin regulations to collateralize its obligation to replace the borrowed securities which have been sold.

The extent to which the Manager will engage in short sales will depend upon its investment objective and perception of market direction; there is no policy limiting the amount of a Client's assets that the Manager may deposit to collateralize its obligations to replace borrowed securities sold short. The Company realizes a profit or a loss as a result of a short sale if the price of the security decreases or increases between the date of the short sale and the date on which Insight covers its short position, i.e., purchases the security to replace the borrowed security. A short sale involves the risk of a theoretically unlimited increase in the market price of the security which would result in a theoretically unlimited loss. Furthermore, if the Manager has sold short the securities offered in an exchange offer or merger and has purchased the securities of the target company, the Client is exposed to the risk that, if the transaction is not consummated, it may suffer losses with respect to both its long and its short positions.

Investment Philosophy

The Investment Adviser believes that having the ability to go long or short creates more potential for better risk-adjusted returns and this is how hedge fund strategies achieve lower historical correlation to traditional asset classes. The Investment Adviser believes in allocating among hedge fund strategies using asset allocation approaches borrowed from traditional investing. Not all strategies work in every market environment. The Investment Adviser feels it can quickly allocate to certain strategies where it believes it can gain an advantage. The Investment Advisor also believes that each hedge fund strategy inherently has its own idiosyncratic risk. By utilizing a multi-strategy approach, we are able to diversify that strategy-specific risk.

Investment Process

Insight has developed a rigorous and structured investment process that it believes will lead to superior annualized returns. Insight has spent considerable effort developing a consistent and repeatable three-stage investment process.

STAGE 1. Strategy Analysis and Allocation: Insight Advisors believes that the most beneficial way to allocate among strategies is by first considering overall hedge fund market trends. If a particular strategy is experiencing capital outflows or opportunities only exist in areas that may be experiencing overwhelming macroeconomic circumstances, then it may not be the best place to invest. Once Insight Advisors considers the market trends, the allocation process is further optimized by considering risk profiles, correlation coefficients, market sentiment, and market opportunities. Insight Advisors selects the key strategies where it is believed the Company can gain a significant advantage with its investment approach and then Insight Advisors applies its models and methods to select the individual securities to implement those strategies.

STAGE 2. Building Candidate Screens: The second key element of the strategy is to use screening techniques to search financial data for market inefficiencies and idea generation. The end product of the second stage is a candidate list that can be used for further study.

STAGE 3: Thorough, Research Intensive Fundamental Analysis: The final and most important stage is a time intensive, investigative research. Traditional and non-traditional sources, including public filings, Wall Street relationships, personal and professional networks, discussions with company management, legal, regulatory, and industry experts, and standard and nonstandard news outlets are all used to develop a unique understanding and edge on the investment. In most cases, these resources are used to identify some dynamic change that is material to the operations of the target investment. The portfolio manager attempts to confirm that the change has created confusion and misunderstanding has led to undervaluation or overvaluation by the market.

Insight seeks to achieve its investment objective primarily by purchasing securities trading at prices below the fundamental value as determined by the Investment Adviser and, conversely, selling short securities trading at prices above such fundamental value. The Investment Adviser seeks an investment thesis that generally is data-driven and quantifiable, where a pricing dislocation is expected to correct, or converge toward the security's fundamental value, within a reasonable time frame, based on the particular investment strategy.

Investment holding periods can range from two or three days to over several years or more. In most cases, clients will hold its core positions for approximately six to nine months. Core short sale positions typically are held for three to six months. There are some securities client's will hold for longer or shorter periods of time due to changes in fundamentals, change in the investment thesis, or market conditions. There are also some strategies that require rapid short term trading using very liquid securities and futures.

Head Portfolio Manager

Michael A. Tito is the head portfolio manager. Tito's additional responsibilities for Insight include strategic partnerships, business development and oversight of long-term strategy and goals for the firm.

Tito has more than 15 years of hedge fund experience and has advised some of the largest and most sophisticated hedge fund investors in the world. He was a founding member of an investment program at Ivory Capital, a spinoff of multi-strategy hedge fund Frontpoint Partners previous to its sale to Morgan Stanley in 2006. At Ivory, he was responsible for all aspects of the quantitative portfolio management process including data acquisition, model development, portfolio optimization, performance attribution.

Prior to Ivory Capital, Tito led the hedge fund group for Wilshire Associates, a diversified global financial services firm, where he assisted Wilshire's institutional clients in developing asset allocation plans, manager research and due-diligence, monitoring and reporting for hedge fund and hedge fund of funds mandates. From 1999 to 2003, Tito also managed a market neutral futures and equities arbitrage strategy for Insight Advisors.

Tito graduated cum laude from Duke University with a B.A. in Economics.

Material, Significant or Unusual Risks Relating to Investment Strategies.

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in separately managed accounts advised by the Investment Adviser. These risk factors include only those risks the Investment Adviser believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by the Investment Adviser. The below risk factors may not be applicable to all clients. Investments in the Fund are speculative and involve a substantial degree of risk, including the risk that an investor could lose some or all of its investment in the Fund. Prospective investors should carefully consider the risks of investing, which include, without limitation, those set forth below which are more fully described in the Fund's offering document.

Non-U.S. Investments. Clients may invest a portion of their capital outside the United States in non-dollar denominated securities and instruments, including in securities and instruments issued by non-U.S. companies and the governments of non-U.S. countries and in non-U.S. currency. These investments involve special risks not usually associated with investing in securities of U.S. companies or the U.S. federal, state or local government. Because investments in securities and instruments issued by non-U.S. issuers may involve non-U.S. dollar currencies and because Clients may temporarily hold funds in bank deposits in such currencies during the completion of their investment program, Clients may be affected favorably or unfavorably by changes in currency rates (including as a result of the devaluation of a non-U.S. currency) and in exchange control regulations and may incur transaction costs in connection with conversions between various currencies. In addition, because non-U.S. entities are not subject to uniform accounting, auditing, and financial reporting standards, practices and requirements comparable with those applicable to U.S. companies, there may be different types of, and lower quality, information available about a non-U.S. company than a U.S. company. There is also less regulation, generally, of the securities markets in non-U.S. countries than there is in the United States. Some non-U.S. securities markets have a higher potential for price volatility and relative illiquidity compared to the U.S. securities and capital markets. With respect to certain countries there may be the possibility of expropriation or confiscatory taxation, political, economic or social instability, limitation on the removal of funds or other assets or the repatriation of profits, restrictions on investment opportunities, the imposition of trading controls, withholding or other taxes on interest, dividends, capital gain, other income or gross sale or disposition proceeds, import duties or other protectionist measures, various laws enacted for the protection of creditors, greater risks of nationalization or diplomatic developments which could adversely affect Clients' investments in those countries.

Small and Medium Capitalization Companies. A portion of Clients' assets may be invested in the stocks of companies with small- to medium-sized market capitalizations. Those stocks, particularly smaller-capitalization stocks, may involve higher risks than do investments in stocks of larger companies. For example, prices of small-capitalization and even medium-capitalization stocks are often more volatile than prices of large-capitalization stocks and the risk of bankruptcy or insolvency of smaller companies (with the attendant losses to investors) may be higher than

for larger, “blue-chip” companies. In addition, due to thin trading in some small-capitalization stocks, an investment in those stocks may be illiquid.

Diversification Risk. Clients may, in the discretion of the Investment Adviser, invest in a limited number of investments. A consequence of the limited number of investments is that the aggregate returns realized by Clients may be substantially adversely affected by the unfavorable performance of a small number of such investments. Clients generally do not have fixed guidelines for, or hard limits on, diversification of its investments, and investments could potentially be concentrated in relatively few companies and markets.

Highly Volatile Markets. The prices of Clients’ investments, including, without limitation, common equity and related equity derivative instruments, high yield securities, convertible bonds, and other derivatives, including futures and option prices, can be highly volatile. Price movements of forward, futures and other derivative contracts in which Clients’ assets 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 government bonds, currencies, financial instruments, 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. Clients are also subject to the risk of the failure of any exchanges on which its positions trade or of its clearinghouses.

Leverage. Certain Clients may utilize leverage in their investment strategy. Leverage may take the form of loans for borrowed money (e.g., margin loans), and derivative securities and instruments that are inherently leveraged, including options, futures, forward contracts, swaps and repurchase agreements. The use of leverage by a Client can substantially increase the market exposure (and market risk) to which such Client’s investment portfolio may be subject. Trading on leverage results in interest charges or costs, which may be explicit (in the case of loans) or implicit (in the case of many derivative instruments) and, depending on the amount of leverage, such charges or costs could be substantial. The level of interest rates generally, and the rates at which a Client can leverage in particular, can affect the performance results of that Client. A Client’s anticipated use of short-term margin borrowings results in certain additional risks to the Client. For example, should the securities pledged to brokers to secure a Client’s margin accounts decline in value, the Client could be subject to a “margin call”, pursuant to which the Client would be required either to deposit additional funds with the broker or to suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden precipitous drop in the value of a Client’s assets, the Client might not be able to liquidate assets quickly enough to pay off its margin debt.

Short Sales. Certain Clients engage in short selling. Short selling involves selling securities that may or may not be owned by the seller and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in the value of securities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically

increase without limit, thus increasing the cost of buying those securities to cover the short position. There can be no assurance that the security necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Securities may be sold short by a Client in a long/short strategy to hedge a long position, or to enable a Client to express a view as to the relative value between the long and short positions. There is no assurance that the objectives of these strategies will be achieved, or specifically that the long position will not decrease in value and the short position will not increase in value, causing a Client losses on both components of the transaction. In addition, when a Client effects a short sale, it may be obligated to leave the proceeds thereof with the broker and also deposit with the broker an amount of cash or other securities (subject to requirements of applicable law) that is sufficient under any applicable margin or similar regulations to collateralize its obligation to replace the borrowed securities that have been sold.

Currencies. Clients may from time to time invest a portion of their assets in non-U.S. equity securities and instruments or in securities or instruments denominated in non-U.S. currencies, the prices of which will be determined with reference to currencies other than the U.S. dollar. Clients will, however, value their securities and other assets in U.S. dollars. A Client may or may not seek to hedge all or any portion of its non-U.S. currency exposure. To the extent such positions are unhedged, the value of the Client's assets may fluctuate with U.S. dollar exchange rates as well as the price changes of the Client's investments in the various local markets and currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. An increase in the value of the U.S. dollar compared to the other currencies in which a Client makes its investments will reduce the effect of increases and magnify the effect of decreases in the prices of the Client's securities in their local markets. A Client could realize a net loss on an investment, even if there were a gain on the underlying investment before currency losses were taken into account. Clients may seek to hedge currency risks by investing in currencies, currency futures contracts and options on currency futures contracts, forward currency exchange contracts, swaps, swaptions or any combination thereof (whether or not exchange traded), but there can be no assurance that these strategies will be effective, and such techniques entail costs and additional risks.

Hedging Transactions. Clients may or may not employ hedging techniques. These techniques could involve a variety of derivative transactions, including swaps, futures contracts, exchange-listed and over-the-counter put and call options on securities, instruments or on financial indices, forward non-U.S. currency contracts, and various interest rate and foreign exchange transactions (collectively, "Hedging Instruments"). Hedging techniques involve risks different than those of underlying investments. In particular, the variable degree of correlation between price movements of Hedging Instruments and price movements in the position being hedged creates the possibility that losses on the hedge may be greater than gains in the value of a Client's positions. In addition, certain Hedging Instruments and markets may not be liquid in all circumstances. As a result, in volatile markets, Clients may not be able to close out a transaction in certain of these instruments without incurring losses substantially greater than the initial deposit. Although the contemplated use of Hedging Instruments should tend to minimize the risk

of loss due to a decline in the value of the hedged position, at the same time they tend to limit any potential gain which might result from an increase in the value of such position. The ability of Clients to hedge successfully will depend on the Investment Adviser's ability to predict pertinent market movements, which cannot be assured. In addition, it is not possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of independent factors not related to currency fluctuations. Finally, the daily variation margin requirements in futures contracts that may be sold by a Client would create an ongoing greater potential financial risk than would options transactions, where the exposure is limited to the cost of the initial premium and transaction costs paid by the Client. The Investment Adviser is not required to attempt to hedge portfolio positions of Clients and for various reasons, may determine not to do so.

Insolvency Considerations with Respect to Issuers of Indebtedness. Various laws enacted for the protection of creditors may apply to indebtedness, including convertible debt, in which Clients invest. The information in this and the following paragraph is applicable with respect to U.S. issuers subject to United States federal bankruptcy law. Insolvency considerations may differ with respect to other issuers. If a court in a lawsuit brought by an unpaid creditor or representative of creditors of an issuer of indebtedness, such as a trustee in bankruptcy, were to find that the issuer did not receive fair consideration or reasonably equivalent value for incurring the indebtedness, and after giving effect to such indebtedness, the issuer (i) was insolvent, (ii) was engaged in a business for which the remaining assets of such issuer constituted unreasonably small capital or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court could determine to invalidate, in whole or in part, such indebtedness as a fraudulent conveyance, to subordinate such indebtedness to existing or future creditors of such issuer, or to recover amounts previously paid by such issuer in satisfaction of such indebtedness. The measure of insolvency for purposes of the foregoing will vary. Generally, an issuer would be considered insolvent at a particular time if the sum of its debts were then greater than all of its property at a fair valuation, or if the present fair saleable value of its assets was then less than the amount that would be required to pay its probable liabilities on its existing debts as they became absolute and matured. There can be no assurance as to what standard a court would apply in order to determine whether the issuer was "insolvent" after giving effect to the incurrence of the indebtedness in which Clients invested or that, regardless of the method of valuation, a court would not determine that the issuer was "insolvent" upon giving effect to such incurrence. In addition, in the event of the insolvency of an issuer of indebtedness in which a Client invests, payments made on such indebtedness could be subject to avoidance as a "preference" if made within a certain period of time (which may be as long as one year) before insolvency. In general, if payments on indebtedness are avoidable, whether as fraudulent conveyances or preferences, such payments can be recaptured from Clients. Clients do not intend to engage in conduct that would form the basis for a successful cause of action based upon fraudulent conveyance, preference or equitable subordination. There can be no assurance, however, as to whether any lending institution or other party from which a Client may acquire such indebtedness engaged in any such conduct (or any other conduct that would subject such indebtedness and a Client to insolvency laws) and, if it did, as to whether such creditor claims could be asserted in a U.S. court (or in the courts of any other country) against the Client. Indebtedness consisting of obligations of non-U.S. issuers may be subject to various laws

enacted in the countries of their issuance for the protection of creditors. These insolvency considerations will differ depending on the country in which each issuer is located or domiciled and may differ depending on whether the issuer is a non-sovereign or a sovereign entity.

Fund Turnover. The turnover rate of Clients' investment portfolios may be significant, potentially involving substantial brokerage commissions and fees and other transaction costs.

Risk Control Framework. The Investment Adviser has implemented a risk control system to help Clients manage their risk exposure. No risk control system is fail-safe, and no assurance can be given that the Investment Adviser's risk control frameworks will achieve their objectives. The target risk limits developed by the Investment Adviser generally will be based upon historical trading patterns for the instruments in which Clients trade and will rely upon pricing models for the behavior of the instruments in response to various changes in market conditions. No assurance can be given that the historical trading patterns will accurately predict future trading patterns or that the pricing models will necessarily accurately predict the manner in which the instruments are priced in financial markets in the future.

Availability of Investment Strategies. The success of Clients' investment and trading activities depends on the ability of the Investment Adviser to identify overvalued and undervalued investment opportunities and to exploit price discrepancies in the U.S. equity markets.

Identification and exploitation of the investment strategies to be pursued by Clients involves a high degree of uncertainty. No assurance can be given that the Investment Adviser will be able to identify suitable investment opportunities in which to deploy all of Clients' capital. A reduction in overall market volatility and liquidity, as well as other market factors, may reduce the pool of profitable investment strategies for Clients.

Limited Liquidity of Investments. The market value of Clients' investments may fluctuate with, among other things, changes in prevailing interest rates, general economic conditions, the condition of financial markets, developments or trends in any particular industry and the financial condition of the issuers of the securities in which Clients invest. During periods of limited liquidity and higher price volatility, Clients' ability to acquire or dispose of its investments at a price and time that the Investment Adviser deems advantageous may be impaired. As a result, in periods of rising market prices, Clients may be unable to participate in price increases fully to the extent that it is unable to acquire desired positions quickly; Clients' inability to dispose fully and promptly of positions in declining markets will conversely cause its net asset value to decline as the value of unsold positions is marked to lower prices. In addition, a portion of Clients' assets may from time to time be invested in securities and other financial instruments or obligations for which no market exists and/or which are restricted as to their transferability under federal or state securities laws, including private securities. Because of the absence of any trading market for these investments, Clients may take longer to liquidate these positions than would be the case for publicly-traded securities. Although these securities may be resold in privately negotiated transactions, the prices realized on these sales could be less than those originally paid by Clients. Further, companies whose securities are not publicly-traded may not be subject to public disclosure and other investor protection requirements applicable to publicly-traded securities, which could expose Clients to greater risk than it anticipated.

Purchasing IPOs. Clients may purchase securities of companies in initial public offerings (“IPOs”) or shortly thereafter. Special risks associated with these securities may include a limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the issuer and limited operating history. These factors may contribute to substantial price volatility for the shares of these companies. In addition, some companies in IPOs 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 prospect of achieving them.

Trading in Indices and Financial Instruments. Clients may trade indices and financial instruments. The effect of governmental intervention may be particularly significant at certain times in indices and financial instruments, and such intervention (as well as other factors) may cause all these markets to move rapidly in the same direction because of, among other things, interest-rate fluctuations.

Loans of Portfolio Securities. Clients may from time to time lend securities from its portfolio to brokers, dealers and financial institutions and receive collateral in the form of cash or securities in an amount equal to at least 100% of the current market value of the loaned securities, including any accrued interest or dividend receivable. Such loans will be terminable at any time. Clients may pay finders’, administrative and custodial fees to persons unaffiliated with Clients in connection with the arranging of such loans.

Use of When-Issued and Forward Commitment Securities. Clients may purchase securities on a “when-issued” basis. These transactions involve a commitment by a Client to purchase or sell securities at a future date (typically one or two months later). No income accrues on securities that have been purchased on a when-issued basis prior to delivery to the Client. When-issued securities may be sold prior to the settlement date. If a Client disposes of the right to acquire a when-issued security prior to its acquisition, it may incur a gain or loss. In addition, there is a risk that securities purchased on a when issued basis may not be delivered to the Client. In such cases, the Client may incur a loss.

Governmental Actions. Beginning in 2008, world financial markets experienced extraordinary market conditions, including, among other things, extreme losses and volatility in securities markets and the failure of credit markets to function. In reaction to these events, regulators in the U.S. and several other countries undertook unprecedented regulatory actions. Today, such regulators continue – 18 – to consider and implement additional measures to stabilize and encourage growth in U.S. and global financial markets. It is uncertain what impact regulatory actions may have on the Client, securities markets or the economy generally, or whether regulatory actions will be able to prevent further losses and volatility in securities markets, or stimulate the credit markets.

Accounting for Uncertainty in Income Taxes. Pursuant to FASB ASC 740, formerly known as FIN 48 (“ASC 740”), which provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in financial statements, the Fund is required to determine whether a tax position, based on its technical merits, meets a more-likely-than-not recognition threshold that the tax position will be sustained upon examination. As a result of

such a determination, a Fund may be required to recognize a contingent tax liability in its net asset value calculation if the related tax position meets the recognition criterion in ASC 740 and, conversely, may be required to unrecognize a contingent tax liability in its net asset value calculation if the related tax position does not meet the recognition criterion in ASC 740. In addition, the net asset value of the Funds may be adjusted if an uncertain tax position is settled. Since ASC 740 has only recently been adopted, the Funds may be required to recognize in its financial statements contingent liabilities that under prior custom and practice in the industry would not have been recognized. Such contingent liabilities may also relate to time periods that predate an investment in the Funds. Recognition and measurement of each tax position, including any tax position for which there is a lack of authority and audit experience, is determined by the Board of Directors, or the general partner, as applicable, of the applicable Fund in its sole discretion, based on discussions with the Investment Adviser, tax advisers and the auditor and based on the facts and circumstances known at the time. There can be no assurance that any such determination will not change over time. Adjustments made to the net asset value of the Fund in connection with the recognition or unrecognition of contingent tax liabilities may have a material positive or negative effect on certain investors and prospective investors, depending on the circumstances.

Accounting for Reserves. A prospective investor should be aware that, among other things, a reduction of the Net Asset Value of a Fund to create a reserve may be required for purposes of GAAP-compliant financial reporting, including for purposes of ASC 740-10. This reduction could cause benefits or detriments to certain shareholders or limited partners, as applicable, of the applicable Fund, depending upon the timing of their entry and exit from the Fund. If a reserve established by the applicable Fund is subsequently reversed, the reversal may benefit only those shareholders or limited partners, as applicable, at the time of such reversal. Shareholders or limited partners admitted to the applicable Fund after any such reserve is established may benefit by sharing in the proceeds upon reversal of such reserve, and shareholders or limited partners that have fully redeemed from the Fund prior to a reversal of such reserve may not share in the proceeds related to such reversal. Changes to accounting standards, policies or practices could have similar effects to those outlined above, or magnify such effects.

B. Risks Associated With Particular Types of Securities

Equity Securities. Clients' investment portfolios include equity and equity-related securities. Equity securities fluctuate in value in response to many factors, including the activities and financial condition of individual companies, the business market in which individual companies compete and industry market conditions and general economic environments.

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 Clients may participate is evolving, and changes in the regulation or taxation of such Securities may have a material adverse effect on Clients.

Use of Warrants and Rights. Clients may hold warrants and rights from time to time. Warrants permit, but do not obligate, the holder to subscribe for other securities or commodities. Rights are similar to warrants, but normally have a shorter duration and are offered or distributed to shareholders of a company. Warrants and rights may be considered more speculative than certain other types of equity-like securities because they do not carry with them rights to dividends or voting rights and they do not represent any rights in the assets of the issuer. These instruments cease to have value if they are not exercised prior to their expiration dates. The market for warrants and rights can become very illiquid. Changes in liquidity may significantly impact the price for warrants and rights, which could, in turn, decrease the value of a Client's portfolios.

Investments in Fixed-Income Securities. Clients may invest a portion of their capital in bonds or other fixed-income securities, including, without limitation: bonds; convertible bonds; notes and debentures issued by corporations; debt securities issued or guaranteed by the U.S. Government or one of its agencies or instrumentalities; commercial paper; and "higher yielding" (and, therefore, higher risk) debt securities of the former categories. 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 due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk).

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

Call & Put Options on Securities Indices. Clients may purchase and sell call and put options on stock indices listed on national securities exchanges or traded in the over-the-counter market

for hedging purposes and non-hedging purposes to pursue its investment objective. The successful use of – 20 – options on stock indices requires different skills and techniques than predicting changes in the price of individual stocks. Swaps. Whether Clients' use of swap agreements or swaptions will be successful will depend on the Investment Adviser's ability to select appropriate transactions for Clients. 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 Clients' portfolio. Moreover, Clients bear the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. Clients will also bear the risk of loss related to swap agreements, for example, for breaches of such agreements or the failure of Clients to post or maintain required collateral. It is possible that developments in the swap markets, including potential government regulation, could adversely affect Clients' 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 Securities, 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 Clients' positions trade or of its clearinghouses 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 Clients from promptly liquidating unfavorable positions and subject Clients to substantial losses or prevent it from entering into desired trades. Also, low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. In extraordinary circumstances, a futures exchange or the CFTC could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

Forward Contracts. 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 Investment Manager would otherwise recommend, to the possible detriment of Clients. In its forward trading, Clients 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 Clients trade. 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 Investment Adviser may order trades for Clients in such markets through agents. Accordingly, the insolvency or bankruptcy of such parties could also subject Clients to the risk of loss.

Failure to Enter into Offsetting Trade. To the extent Clients invests in a futures contract or option long, unless an offsetting trade is made, Clients would be required to take physical delivery of the commodity underlying the future or option. To the extent the Investment Manager fails to enter into such offsetting trade prior to the expiration of the contract, Clients may suffer a loss since neither Clients nor the Investment Adviser has the operational capacity to accept physical delivery of commodities.

Asset-Backed Securities. Through the use of trusts and special purpose corporations, various types of assets, including automobile, credit card, student loan and small business loan receivables, are securitized in pass-through structures. Clients may invest either directly or indirectly, in these and other types of asset-backed securities (“ABS”) that may be developed in the future. ABS securities are often backed by unsecured receivables. Credit card receivables, for example, are generally unsecured and the debtors are entitled to the protection of a number of state and federal consumer loan laws, many of which give such debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. Most issuers of ABS backed by automobile receivables permit the servicers to retain possession of the underlying obligations. If the servicer were to sell these obligations to another party, there is a risk that the purchaser would acquire an interest superior to that of the holders of the related ABS. In addition, because of the large number of vehicles involved in a typical issuance and technical requirements under state laws, the trustee for the holders of the ABS may not have a proper security interest in all of the obligations backing such ABS. Therefore, there is a possibility that recoveries on repossessed collateral may not, in some cases, be available to support payments on these securities. The risk of investing in ABS is ultimately dependent upon payment of loans by the debtor. The value of an ABS is affected by changes in the market’s perception of the asset backing the security and the creditworthiness of the servicing agent for the loan pool, the originator of the loans or the financial institution providing any credit enhancement, as well as by the expiration or removal of any credit enhancement. Structural and legal risks of ABS include the possibility that, in a bankruptcy or similar proceeding involving the originator or the servicer (often the same entity or affiliates), a court having jurisdiction over the proceeding could determine that, because of the degree to which cash flows on the assets of the issuing vehicle may have been commingled with cash flows on the originator’s other assets (or similar reasons), (i) the assets of the issuing vehicle could be treated as never having been truly sold by the originator to the issuing vehicle and could be substantively consolidated with those of the originator, or (ii) the transfer of such assets to the issuer could be voided as a fraudulent transfer. The time and expense related to a challenge of such determinations also could result in losses and/or delayed cash flows.

Liquidity of Futures Contracts. A Client may utilize futures as part of its investment program. 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. Futures prices have occasionally moved beyond the daily limits for several consecutive days with little or no trading. Over-the-counter instruments generally are not as liquid as instruments traded on recognized exchanges. This constraint could prevent a Client from promptly liquidating unfavorable positions and subject it to substantial losses. In addition, the Commodity Futures Trading Commission and various exchanges impose speculative position limits on the number of positions that a Client may indirectly hold or control in particular commodities.

Money Market Instruments. Clients may invest, for defensive purposes or otherwise, some or all of its assets in high quality, fixed income securities, money market instruments and money market mutual funds, or hold cash or cash equivalents in such amounts as the Investment Adviser deems appropriate under the circumstances.

Investments in Securities of Financially Distressed Companies. Clients may purchase securities and other obligations of companies that are experiencing significant financial or business distress, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Although such purchases may result in significant returns, they involve a substantial degree of risk and may not show any return for a considerable period of time. In fact, many of these securities and investments typically remain unpaid unless and until the company reorganizes and/or emerges from bankruptcy proceedings and, as a result, may have to be held for an extended period of time. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial distress is very high. There is no assurance that the Investment Adviser will correctly evaluate the nature and magnitude of the various factors that could affect the prospect for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which a Client invests, the Client may lose its entire investment or may be required to accept cash or securities with a value less than the Client’s original investment.

Counterparty Risk. Clients expect to establish relationships to obtain financing, derivative intermediation and prime brokerage services that permit Clients to trade in any variety of markets or asset classes over time. However, there can be no assurance that Clients will be able to establish or maintain such relationships. An inability to establish or maintain such relationships could limit Clients’ trading activities, create losses, preclude Clients from engaging in certain transactions or prevent Clients from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships could have a significant impact on the Fund’s business due to the Fund’s reliance on such counterparties. Clients may effect transactions in markets that are not “exchange-based”, such as “over-the-counter” or “interdealer” markets. The stability and liquidity of over-the-counter transactions depends in large part on the creditworthiness of the parties to the transactions. The participants in such markets are typically not subject to the credit

evaluation and regulatory oversight to which members of “exchange-based” markets are subject. The lack of evaluation and oversight of over-the-counter markets exposes Clients to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing Clients to suffer losses. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a Client has concentrated its transactions with a single or small group of counterparties. Generally, Clients will not be restricted from dealing with any particular counterparties. The Investment Adviser’s evaluation of the creditworthiness of counterparties may not prove sufficient. The lack of a complete and “foolproof” evaluation of the financial capabilities of Clients’ counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by Clients. If there is a default by a counterparty, Clients under most normal circumstances will have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in the net asset value of Clients being less than if Clients had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent and/or the subject of insolvency proceedings. In such case, the recovery of Clients’ securities from such counterparty or the payment of claims therefor may be significantly delayed and Clients may recover substantially less than the full value of the securities entrusted to such counterparty. In addition, Clients may use counterparties located in jurisdictions outside the United States. Such local counterparties usually are subject to laws and regulations in non-U.S. jurisdictions that are designed to protect customers in the event of their insolvency. However, the practical effect of these laws and their application to Clients’ assets are subject to substantial limitations and uncertainties. Because of the range of possible factual scenarios involving the insolvency of a counterparty and the potentially large number of entities and jurisdictions that may be involved, it is impossible to generalize about the effect of such an insolvency on Clients and its assets. Investors should assume that the insolvency of any such counterparty would result in significant delays in recovering Clients’ securities from or the payment of claims therefor by such counterparty and a loss to Clients, which could be material.

ITEM 9: DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to a Client’s or prospective Client’s evaluation of Insight’s advisory business or the integrity of Insight’s management.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Broker-Dealer Registration Status.

The Investment Adviser and its management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser Registration Status.

The Investment Adviser and its management persons are not registered as, and do not have any application to register as, futures commission merchants, commodity pool operators, commodity trading advisors or associated persons of the foregoing entities.

Material Relationships or Arrangements with Industry Participants.

The Investment Adviser acts as an investment manager for the Fund as previously noted.

Material Conflicts of Interest Relating to Other Investment Advisers.

The Investment Adviser does not recommend or select other investment advisers for its clients nor does it have relationships with other investment advisers that are material to its advisory business or clients.

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

Code of Ethics.

Insight has adopted a Code of Ethics (“Code”). The Code clarifies that, in accordance with federal law, all Insight personnel are prohibited from trading, either personally or on behalf of others (including Clients), on any material nonpublic information or from communicating material nonpublic information to others, which insider trading activity would be in violation of the law. The Code sets forth standards of business conduct expected of Insight personnel and establishes policies to address conflicts that may arise in personal trading transactions in accordance with, as applicable, the Advisers Act and the ICA.

Insight will provide a copy of its Code to any Client or prospective Client upon request.

Personal Trading

Insight’s Code is designed to address conflicts of interest and, among other things, imposes restrictions on the ability of its personnel to invest in securities that may be traded in the Clients’ accounts.

Insight permits its Access Persons or their dependents (collectively “Affiliated Accounts”) to hold securities that are similar to, or the same as, those of the Clients’ portfolios and to purchase, or sell such securities contemporaneously with the purchase, or sale of securities in the Clients’ portfolios. An “Access Person” is each of Insight’s members, managers, directors, officers, portfolio management personnel, and any individual whose regular functions or duties gives them access to material nonpublic information or access to current Insight trading information.

In order to ensure that Insight places the interests of its clients first, the Code requires all Affiliated Accounts to obtain Insight's approval before purchasing or selling any personal investment (excepting only non-reportable securities, e.g. most mutual funds, governmental obligations, and money market type instruments) and requires Affiliated Accounts to periodically report to Insight's Chief Compliance Officer all their personal securities holdings and to report all personal securities transactions.

Participation or Interest in Client Transactions

Insight, its Access Persons and employees perform investment management services for various discretionary Clients. Insight may give advice or take action with respect to the investments of such a Client's portfolios that may not be given or taken with respect to another such Client's portfolio with a similar investment program, objective, or strategy. Accordingly, such Clients' portfolios with the same mandate may not hold the same securities or instruments or achieve the same performance.

These activities also may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Clients. In situations where participation in specific investment opportunities may be appropriate for more than one of the Clients, the opportunities will be allocated on a fair and equitable basis, as more fully described under Insight's Trade Allocation Policy which is summarized in Item 12 below.

Insight is not obligated to contemporaneously acquire or terminate a position in any security which Insight or its Affiliated Accounts may acquire or terminate for its or their own account or for the account of any other discretionary Client.

Conflicts of Interest Created by Contemporaneous Trading.

Insight, its principals, officers and other personnel may have conflicts in allocating their time and services among the Clients. For example, Insight is not restricted from forming additional investment funds, entering into other investment advisory relationships, exercising investment responsibility, engaging in other business (or non-business) activities, even though such activities may be in competition with the Clients and/or may involve substantial time and resources of Insight and its personnel. Such activities could be viewed as creating a conflict of interest in that the time and effort of the Insight's principals and employees will not be devoted exclusively to the business of the Clients, but will be allocated between the business (or non-business) of the Clients and other business activities of Insight. Insight and its principals, officers and employees will devote as much of their time to the Client accounts as Insight deems necessary and appropriate.

ITEM 12: BROKERAGE PRACTICE

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

Separate Accounts. Insight does not maintain custody of any separate account Client assets (see Item 15). Assets must be maintained in an account at a "qualified custodian," generally a broker-

dealer or a bank. Clients with separately managed accounts may select a broker-dealer among those broker-dealers approved by Insight. Insight recommends Interactive Brokers, but a Client may select to use any of the approved broker-dealers listed on Insight's website. Insight is independently owned and operated and is not affiliated with Interactive Brokers or any other industry entity we may recommend. Interactive Brokers will hold Client assets in an account in the Client's name and will buy and sell securities when Insight instructs them to do so. While Insight recommends that a Client use Interactive Brokers as their broker-dealer, the Client must decide whether to do so and their account with Interactive Brokers will be entered into via an account agreement directly with Interactive Brokers. Insight does not open the account for the Client, although we may assist in doing so.

In approving broker-dealers, Insight seeks to obtain best execution, taking into consideration the price of a security offered by the broker-dealer, as well as a broker-dealer's full range and quality of its services including, among other things, its facilities, reliability and financial responsibility; execution capability; commission rates; responsiveness to Insight; the provisions of brokerage and research services (e.g., research ideas, analysis and investment strategies) that are of benefit to the Client and Insight; special execution and block positioning capabilities; clearance; and settlement and custodial services. Insight need not solicit competitive bids and does not have an obligation to seek the lowest available price or commissions and other costs.

The securities transactions generate a substantial amount of brokerage commissions and other compensation, including clearing fees and charges, all of which the Client is obligated to pay. Insight maintains policies and procedures to review the quality of executions, including periodic reviews by its investment professionals.

Pooled Investment Vehicle. Insight has full discretionary authority to manage the Fund, including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid. Insight's authority is limited by its own internal policies and procedures and the Fund's investment guidelines and other terms contained within its governing documents. In selecting an appropriate broker-dealer to effect a client trade, Insight seeks to obtain best execution, taking into consideration the price of a security offered by the broker-dealer, as well as a broker-dealer's full range and quality of its services including, among other things, its facilities, reliability and financial responsibility; execution capability; commission rates; responsiveness to Insight; the provisions of brokerage and research services (e.g., research ideas, analysis and investment strategies) that are of benefit to the Fund and Insight; special execution and block positioning capabilities; clearance; and settlement and custodial services. Insight need not solicit competitive bids and does not have an obligation to seek the lowest available price or commissions and other costs.

The securities transactions generate a substantial amount of brokerage commissions and other compensation, including clearing fees and charges, all of which the Client is obligated to pay. Insight maintains policies and procedures to review the quality of executions, including periodic reviews by its investment professionals.

Research and Other Soft Dollar Benefits.

From time to time, Insight may pay a broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transactions) for effecting 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 utilized broker-dealer. Insight 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). Insight 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 Insight to service one or more other Clients, including Clients that may not have paid for the soft dollar benefits. Insight does not seek to allocate soft dollar benefits to Client accounts in proportion to the soft dollar credits the Client accounts generate. Where a product or service obtained with soft dollars provides both research and non-research assistance to Insight (i.e., a “mixed use” item), Insight 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 Insight’s allocation of the costs of such benefits and services between those that primarily benefit Insight and those that primarily benefit the Clients. When Insight uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, Insight receives a benefit because it does not have to produce or pay for such products or services. Insight may have an incentive to select or recommend a broker-dealer based on Insight’s interest in receiving research or other products or services, rather than on its Clients’ interest in receiving most favorable execution.

At least annually, Insight 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 Fund 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 Insight 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.

Directed Brokerage.

Insight requests its separate account Clients to select the broker-dealer that will be used for their accounts from among broker-dealers approved by Insight. Clients are responsible for negotiating, in advance, the terms and/or arrangements for their accounts with their selected broker-dealers. Insight will not be obligated to seek better execution services or prices from these other broker-dealers, or be able to aggregate your transactions, should we choose to do so, for execution through other custodians with orders for other accounts managed by Insight. As a result, Clients

may pay higher commissions or other transactions costs, experience greater spreads, or receive less favorable net prices, on transactions for their account that would otherwise be the case.

Order Aggregation.

If Insight determines that the purchase or sale of the same security is appropriate with regard to more than one Client, Insight may, but is not obligated to, aggregate orders in order to reduce transaction costs to the extent permitted by applicable law, with each Client paying its proportionate share of the total commission and paying or receiving its proportionate share of the total cost or sales proceeds. When an aggregated order is filled through multiple trades at different prices on the same day, each participating Client will receive 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 Insight. In the event of a partial fill, allocations may be modified on a basis that Insight deems to be appropriate, including, for example, in order to avoid odd lots or de minimis allocations.

Trade Error Policy.

In the event that Insight experiences an error with respect to trades made on behalf of the Fund or the separate account Clients, Insight will correct such error in accordance with its policies and procedures. The Fund and the separate account Clients will generally be responsible for any losses resulting from trading errors and similar human errors, absent gross negligence or willful misconduct.

Trade Allocation Policy.

Insight has adopted a trade allocation policy to mitigate potential conflicts of interest and to ensure the proper and fair allocation of investment opportunities across Clients and strategies. The procedures are designed to ensure investment opportunities are allocated fairly among the Fund and all of the separate account Clients. Not all investment opportunities are appropriate for all strategies. However, as a general policy, if an investment is selected for a given strategy, it will be allocated to all investment vehicles and separate accounts within such strategy using a pro rated allocation based on the relative capital size of each of the vehicles or accounts. Certain exceptions will apply to this general policy, but the overriding principle is to ensure a fair and equitable allocation of trades to the Fund or separate account Clients. In addition, please see the discussion under Item 11.

ITEM 13: REVIEW OF ACCOUNTS

Frequency and Nature of Review of Client Accounts or Financial Plans.

Insight performs various daily, weekly, monthly, quarterly and periodic reviews of each Client's portfolio. At the overall portfolio composition level for all Clients, reviews are conducted by the head portfolio manager, Michael Tito.

Factors Prompting Review of Client Accounts Other than a Periodic Review.

A review of a Client account may be triggered by any unusual activity or special circumstances.

Content and Frequency of Account Reports to Clients.

Separate Accounts. Separate account Clients will receive account statements directly from the broker-dealers or custodians where their investments are held. Insight may provide quarterly portfolio statements and position performance summary reports, and annual realized gains/loss reports. Some separate account Clients may receive additional reports depending on their specific requirements. Clients are urged to carefully review and compare account statements that they have received directly from their broker-dealer with any report received from Insight.

Pooled Investment Vehicle. Investors in the Fund generally receive the following regular reports: (i) after the end of each fiscal year of the Fund, annual audited financial statements (including a balance sheet, income statement and statement of changes in net assets) for the recently completed fiscal year; and (ii) monthly regular net asset value statements of the investors' Fund's shares or capital accounts. Investors will receive annual tax information necessary for the completion of U.S. federal, state and local income tax returns. In addition, the Investment Adviser, as a service, generally provides monthly performance updates regarding the portfolios.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Economic Benefits for Providing Services to Clients.

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

Compensation to Non-Supervised Persons for Client Referrals.

The Fund may compensate third parties for providing services to investors that they introduce to Insight. Pursuant to such arrangements between Insight and a third party placement agent, the Fund may pay such placement agent an investor service fee generally based on the net asset value of the series of shares or capital account balance, as applicable, of the investor introduced to the Fund by the placement agent. The management fees or performance fees/allocations to be charged to a Fund investor introduced by a placement agent will not reflect any differential over rates Insight charges to other Fund investors not introduced by a placement agent that are invested in the Fund. Certain of these placement agents (or their affiliated entities) may also be retained by Insight as brokers or dealers to effect portfolio transactions on behalf of the Fund.

ITEM 15: CUSTODY

Client funds and securities will be maintained by an unaffiliated, qualified custodian, such as a broker-dealer or other qualified custodian. Assets will not be held by Insight or any of its associates. However, Insight may be deemed to have custody of client funds and securities if a

Client authorizes it to obtain client funds or securities, for example, by deducting advisory fees from a client's account. Account custodians may send statements directly to Insight rather than the Client account owners as provided in each Client's agreement with the applicable account custodian. Clients should carefully review these statements, and should compare these statements to any account information provided by Insight.

ITEM 16: INVESTMENT DISCRETION

Insight serves as the investment manager with discretionary trading authority to each separate account Client and the Fund. Insight's investment decisions and advice with respect to each separate account Client are subject to such Client's investment objectives and guidelines, as set forth in its investment management agreement. In relation to Insight's pooled investment vehicles, Insight's discretionary investment authority is established within the limited liability company operating agreement or equivalent constitutional documents.

ITEM 17: VOTING CLIENT SECURITIES

Where voting authority has been delegated to Insight, Insight's policy is to exercise voting rights, wherever it is practical to do so. Insight makes all decisions regarding how each proxy is to be voted. For matters involving securities held long, Insight generally votes as recommended by management, except if there is a proxy fight. However, each proxy issue will be considered individually and the vote will be determined after careful review and consideration of the various issues involved. Insight will vote in a manner that is intended to enhance the economic value of the assets of the Clients' portfolios.

Insight's clients may not direct Insight's proxy voting decisions.

In relation to Insight's discretionary pooled investment vehicles, Insight's voting authority is established within the limited liability Company operating agreement or equivalent constitutional documents.

ITEM 18: FINANCIAL INFORMATION

Insight 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 ten years.