

**ITEM 1
COVER PAGE**

PART 2A OF FORM ADV: FIRM BROCHURE

PERSHING SQUARE CAPITAL MANAGEMENT, L.P.

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This brochure provides information about the qualifications and business practices of Pershing Square Capital Management, L.P. (the “Adviser”). If you have any questions about the contents of this brochure, please contact us at 212-813-3700 or pscmcompliance@persq.com. 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 Adviser is registered as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply any level of skill or training.

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

ITEM 2

MATERIAL CHANGES

The Adviser is required to identify and discuss any material changes made to its brochure since the last annual update. There are no material changes to report. However, clients and prospective clients should review this brochure carefully. If the Adviser makes any material changes to its brochure, this section will be revised to include a summary of these changes.

ITEM 3 **TABLE OF CONTENTS**

	Page
ITEM 1 COVER PAGE	i
ITEM 2 MATERIAL CHANGES	ii
ITEM 3 TABLE OF CONTENTS	iii
ITEM 4 ADVISORY BUSINESS	1
A. <u>General Description of Advisory Firm.</u>	1
B. <u>Description of Advisory Services.</u>	1
1. Advisory Services.	1
2. Investment Strategies and Types of Investments.	2
C. <u>Availability of Customized Services for Individual Clients.</u>	3
D. <u>Regulatory Assets Under Management.</u>	4
ITEM 5 FEES AND COMPENSATION	5
A. <u>Advisory Fees and Compensation.</u>	5
1. PS Partnerships.	5
2. PS Ltd.	5
3. PSH.	6
4. PSV Funds.	7
B. <u>Payment of Fees.</u>	7
C. <u>Additional Fees and Expenses.</u>	8
D. <u>Additional Compensation and Conflicts of Interest.</u>	8
ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT	9
ITEM 7 TYPES OF CLIENTS	10
ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	11
A. <u>Methods of Analysis and Investment Strategies.</u>	11
B. <u>Material, Significant or Unusual Risks Relating to Investment Strategies.</u>	13
ITEM 9 DISCIPLINARY INFORMATION	28
ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	29
A. <u>Broker-Dealer Registration Status.</u>	29
B. <u>Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser Registration Status.</u>	29

C. <u>Material Relationships or Arrangements with Industry Participants</u>	29
D. <u>Material Conflicts of Interest Relating to Other Investment Advisers</u>	29
ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	30
A. <u>Code of Ethics</u>	30
B. <u>Securities in which the Adviser or a Related Person Has a Material Financial Interest</u>	31
1. Cross Trades	31
2. Principal Transactions	32
C. <u>Investing in Securities that the Adviser or a Related Person Recommends to Clients</u>	32
D. <u>Conflicts of Interest Created by Contemporaneous Trading</u>	32
1. Allocations of Trades and Investment Opportunities	32
2. Order Aggregation and Average Pricing	33
ITEM 12 BROKERAGE PRACTICES	34
A. <u>Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions</u>	34
1. Research and Other Soft Dollar Benefits	34
2. Brokerage for Client Referrals	36
3. Directed Brokerage	36
B. <u>Order Aggregation</u>	36
ITEM 13 REVIEW OF ACCOUNTS	37
A. <u>Frequency and Nature of Review of Client Accounts or Financial Plans</u>	37
B. <u>Factors Prompting Review of Client Accounts Other than a Periodic Review</u>	37
C. <u>Content and Frequency of Account Reports to Clients</u>	37
ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION	38
A. <u>Economic Benefits for Providing Services to Clients</u>	38
B. <u>Compensation to Non-Supervised Persons for Client Referrals</u>	38
ITEM 15 CUSTODY	39
ITEM 16 INVESTMENT DISCRETION	40
ITEM 17 VOTING CLIENT SECURITIES	41
ITEM 18 FINANCIAL INFORMATION	42
ITEM 19 REQUIREMENTS FOR STATE-REGISTERED ADVISERS	43

ITEM 4

ADVISORY BUSINESS

A. General Description of Advisory Firm.

The Adviser, Pershing Square Capital Management, L.P., a Delaware limited partnership, commenced operations in 2004 and has its office in New York, New York. William A. Ackman (the “Principal Owner”), as a limited partner of the Adviser and as the managing member of the general partner of the Adviser, PS Management GP, LLC, a Delaware limited liability company, is the principal owner of the Adviser and controls the Adviser. The general partner of the Adviser has ultimate responsibility for the management, the operations and the investment decisions made by the Adviser.

B. Description of Advisory Services.

1. Advisory Services.

The Adviser serves as the management company for a number of investment funds including, without limitation, Pershing Square, L.P. (“PS LP”) and Pershing Square II, L.P. (“PS II”), two investment partnerships that are organized under the laws of Delaware (collectively, the “PS Partnerships”). Pershing Square GP, LLC, a Delaware limited liability company affiliated with the Adviser and controlled by Mr. Ackman, serves as the general partner (the “GP”) of the PS Partnerships. The interests in PS LP and PS II are offered on a private placement basis, in compliance with the exemptions provided by Section 3(c)(7) and Section 3(c)(1) of the Investment Company Act of 1940, as amended (the “Company Act”), respectively, to persons who are “accredited investors” as defined under the Securities Act of 1933, as amended (the “Securities Act”), and, in the case of PS LP, “qualified purchasers” (or “knowledgeable employees”) as defined under the Company Act, and subject to other conditions that are set forth in the offering documents for the PS Partnerships.

The Adviser is also the investment adviser to Pershing Square International, Ltd., an investment fund organized under the laws of the Cayman Islands (“PS Ltd”) and together with the PS Partnerships, the “Private Funds”) and Pershing Square Holdings, Ltd., an investment fund organized under the laws of Guernsey (“PSH”) and together with the Private Funds, each, a “Fund” and collectively, the “Funds”). The Funds generally implement substantially similar investment objectives, policies and strategies. Shares in PS Ltd are offered on a private placement basis to investors who are not “U.S. Persons,” as defined under Regulation S of the Securities Act, and U.S. investors that are “accredited investors” and “qualified purchasers,” and subject to other conditions that are set forth in the offering documents for PS Ltd. Shares of PSH are traded on Euronext Amsterdam.

In addition, the Adviser serves as investment adviser to PS V, L.P., a Delaware limited partnership (“PSV LP”), PS V International, Ltd., a Cayman Islands exempted company (“PSV Ltd”), PS V Mini-Master, L.P., a Cayman Islands exempted limited partnership (“PSV Mini-Master”) and certain other affiliated entities (each, a “PSV Fund” and collectively, the “PSV Funds”). PS V GP, LLC, a Delaware limited liability company affiliated with the Adviser

and controlled by Mr. Ackman, serves as the general partner (the “PSV GP”) of PSV LP and PSV Mini-Master. The PSV Funds operate collectively as a co-investment vehicle that primarily invests in securities of (or otherwise seeks to be exposed to the value of securities issued by) Air Products & Chemicals, Inc. (“APD”). PS LP has invested a portion of its capital in PSV LP, and PS Ltd and PSH have invested a portion of their capital in PSV Ltd. PSV Ltd makes substantially all of its investments through PSV Mini-Master. The PSV Funds are closed to new investors.

The Adviser may, from time to time, serve as the investment adviser or management company for additional funds or products, which may invest alongside the Funds (together with the PSV Funds, the “Other Products”).

As used herein, the term “client” generally refers to each of the Funds and the PSV Funds.

This brochure generally includes information about the Adviser and its relationships with its clients and affiliates. While much of this brochure applies to all of those clients and affiliates, there is information included herein that only applies to specific clients or affiliates.

2. Investment Strategies and Types of Investments.

The descriptions set forth in this brochure of specific advisory services that the Adviser offers to clients, and investment strategies pursued and investments made by the Adviser on behalf of its clients, should not be understood to limit in any way the Adviser’s investment activities. The Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this brochure, that the Adviser considers appropriate, subject to each client’s investment objectives and guidelines. The investment strategies the 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.

In seeking to achieve the Funds’ objectives, the Adviser may use any investment strategy, long or short, in the global marketplace that it believes will enhance overall performance and, except as described in the Funds’ offering documents, there are no restrictions on the securities or other financial instruments that may be used by the Funds. The Funds are authorized and are expected to invest in long and short positions in equity or debt securities of U.S. and non-U.S. issuers (including securities convertible into equity or debt securities); distressed securities, rights, options and warrants; bonds, notes and equity and debt indices; swaps (including equity, foreign exchange, interest rate, commodity and credit-default swaps), swaptions, and other derivatives; instruments such as futures contracts, foreign currency, forward contracts on stock indices and structured equity or fixed-income products (including without limitation, asset-backed securities, mortgage-backed securities, mezzanine loans, commercial loans, mortgages and bank debt); exchange-traded funds; and any other financial instruments that the Adviser believes will achieve the Funds’ investment objectives. The Funds’ investments may include both publicly traded and privately placed securities of public issuers, as well as publicly traded securities of private issuers. The Funds also may invest in securities sold

pursuant to initial public offerings. Investments in options on financial indices may be used to establish or increase long or short positions or to hedge the Funds' investments.

The Funds have no overarching strategy or asset allocation model that specifies what percentage of their portfolios should be invested in each investment category. Rather, cash, cash equivalents, and/or securities issued by the U.S. Department of the Treasury ("U.S. Treasuries") are generally the default investment choices until the Adviser identifies new investment opportunities. The Funds' allocation among different investment categories is a function of their potential risk and reward compared with available opportunities in the marketplace. Accordingly, the Funds may hold significant cash balances on an ongoing basis.

The Funds will not make an initial investment in the equity of companies whose securities are not publicly traded (*i.e.*, private equity), but may invest in privately placed securities of public issuers and publicly traded securities of private issuers. Notwithstanding the foregoing, it is possible that, in limited circumstances, public companies in which the Funds have invested may later be taken private and the Funds may make additional investments in the equity or debt of such companies. The Funds may make investments in the debt securities of a private company, *provided* that there is an observable market price for such debt securities.

As part of the Funds' investment program, the Adviser intends to concentrate the Funds' assets in a relatively limited number of investments because the Adviser believes that (1) there are a limited number of attractive investments available in the marketplace at any one time, and (2) investing in a relatively modest number of attractive investments about which it has detailed knowledge provides a better opportunity to deliver superior risk-adjusted returns when compared with a large diversified portfolio of investments it can know less well. As a result, the Adviser intends to invest the substantial majority of the Funds' capital in typically 8 to 12 core investments.

The Adviser generally does not believe in the use of a material amount of margin leverage because of the potential risk of forced sales at inferior prices in the event of short-term declines in security prices in a margined portfolio. In certain circumstances, PSH may access the bond market and obtain other forms of financing. The Funds may also use derivatives, including equity options, in order to obtain security-specific, non-recourse leverage in an effort to reduce the capital commitment to a specific investment, while potentially enhancing the returns on the capital invested in that investment. The Funds may also use derivatives, such as equity and credit derivatives and put options, to achieve a synthetic short position in a company without exposing the Funds to some of the typical risks of short selling which include the possibility of unlimited losses and the risks associated with maintaining a stock borrow. The Funds generally do not use total return swaps to obtain leverage, but rather to manage regulatory, tax, legal, or other issues.

C. Availability of Customized Services for Individual Clients.

The Adviser intends for the Funds to generally hold, to the extent practicable, similar securities and financial instruments relative to each Fund's respective net asset value, although, due to tax, regulatory and other considerations, the Funds' investments may differ significantly.

D. Regulatory Assets Under Management.

The Adviser managed approximately \$22,308,207,020 as of March 1, 2015 on a discretionary basis. As of March 1, 2015 the Adviser does not manage any assets on a non-discretionary basis.

ITEM 5

FEES AND COMPENSATION

A. Advisory Fees and Compensation.

The fees applicable to each Fund and the PSV Funds are set forth in detail in their respective offering documents. A brief summary of these fees is provided below.

1. PS Partnerships

Management Fee

The Adviser generally is paid quarterly a management fee equal to 0.375% (1.5% on an annual basis) of the net asset value of the capital accounts relating to each limited partner, payable in advance at the beginning of each quarter and prorated for any partial quarter. The Adviser may waive the management fee with respect to the capital accounts of members, partners, officers, managers, employees or affiliates of the GP or the Adviser or other limited partners in the Adviser's sole discretion.

Incentive Allocation

The GP is generally entitled to a performance allocation equal to 20% of the annual increase, if any, in the net asset value of each limited partner's capital account in the PS Partnerships. The performance allocation is calculated based on both realized gains and losses and unrealized appreciation and depreciation of securities held in a PS Partnership's portfolio. Generally, any decrease in the net asset value in a fiscal year allocated to any limited partner's capital account is carried forward in a "loss recovery account" so that no performance allocation is charged to that capital account unless the losses have been recouped, subject to various adjustments. For instance, the GP has agreed to increase the loss recovery account of each investor in the PS Partnership that was also an investor in Pershing Square IV, L.P., Pershing Square IV-I, L.P., Pershing Square International IV, Ltd. or Pershing Square International IV-I, Ltd., investment vehicles previously managed by the Adviser (collectively, "PS IV"), as of February 27, 2009, by an amount equal to the decline in dollar value as of that date of that investor's original investment in PS IV (the "PS IV Loss"). The GP may waive the performance allocation with respect to the capital accounts of members, partners, officers, managers, employees or affiliates of the GP or the Adviser or other limited partners in the GP's sole discretion.

2. PS Ltd.

Management Fee

The Adviser generally is paid quarterly a management fee equal to 0.375% (1.5% on an annual basis) of the net asset value of each series of fee paying shares of PS Ltd, payable in advance at the beginning of each quarter and prorated for any partial quarter.

Incentive Fee

The Adviser generally receives a performance fee from PS Ltd equal to 20% of the increase, if any, in the net asset value of each series of each class of shares, during each fiscal year, above the net asset value thereof for the fiscal year with respect to which a performance fee was most recently payable (the “Prior High NAV”). The performance fee is calculated based on both realized gains and losses and unrealized appreciation and depreciation of securities held in PS Ltd’s portfolio. The Adviser and PS Ltd’s Board of Directors have agreed to increase the Prior High NAV of each investor in PS Ltd that was also an investor in PS IV as of February 27, 2009, by an amount equal to the PS IV Loss.

PS Ltd’s Board of Directors may issue shares subject to a lower or no management fee or performance allocation for members, partners, officers, managers, employees or affiliates of the Adviser or other investors in the Board of Directors’ sole discretion.

3. PSH

Management Fee

The Adviser generally is paid a quarterly management fee equal to 0.375% (1.5% on an annual basis) of the net asset value of the public shares and Class B shares (together, the “fee paying shares”) of PSH, payable in advance at the beginning of each quarter.

Incentive Fee

The Adviser earns a “variable performance fee” from PSH equal to (i) 16% of the increase in the net asset value of each fee-paying share, during each fiscal year, above the High Water Mark (as defined below) applicable to that share, *minus* (ii) the Additional Reduction (as defined below); provided that investors will not have the benefit of the Additional Reduction until full payment of the Offset Amount (as defined below) to the Adviser. The “Additional Reduction” is equal to 20% of the U.S. Dollar value of the aggregate performance fees or incentive allocation the Adviser and its affiliates earn in respect of the same calculation period on the gains of certain other funds they manage (including the Private Funds and the PSV Funds). The “Offset Amount” is an aggregate amount equal to the fees and other costs of the IPO of PSH, as well as additional private phase offering expenses, that the Adviser has initially borne, and a yield not exceeding 4.25% per annum. This aggregate amount will be payable to the Adviser over time, on a dollar-for-dollar basis to the extent of any Additional Reduction. A “High Water Mark” with respect to any fee-paying share of PSH is the highest net asset value attributable to that share at the end of any period (typically, each December 31 and any other crystallization event) for which a performance fee is paid (or would be paid without taking into account the Additional Reduction). The variable performance fee for any period cannot be less than zero, but any negative amount that would result, but for this restriction, from the Additional Reduction will be carried forward and be available to reduce the variable performance fee for any future period.

4. PSV Funds

Management Fee

The Adviser generally is paid quarterly a management fee equal to 0.0625% (0.25% on an annual basis) of the balance (disregarding any accrual of the performance allocation) of the capital accounts relating to each limited partner in PSV LP and each PSV Ltd shareholder's series of shares in PSV Ltd (which capital accounts are maintained by PSV Mini-Master), payable in advance at the beginning of each quarter and prorated for any partial quarter. The PSV GP (in the case of PSV LP) or the Adviser (in the case of PS V Ltd) may reduce or waive, or mutually agree with a PSV Fund investor to charge a higher or lower management fee or calculate differently the management fee with respect to any capital account, including with respect to the capital accounts of members, partners, officers, managers, employees or affiliates of the PSV GP or the Adviser, in its sole discretion.

Incentive Allocation

Upon the earlier to occur of a PSV investor's full or partial redemption and any redemption resulting from a full or partial liquidation of PSV LP's or PSV Ltd's portfolio, the PSV GP generally will be entitled to a performance allocation equal to (i) 15% (in the case of an investor whose investment is less than \$100 million), (ii) 10% (in the case of an investor whose investment is equal to or greater than \$100 million but less than \$200 million) or (iii) 5% (in the case of an investor whose investment is equal to or greater than \$200 million) of the net realized and unrealized appreciation allocated to the investor's capital account in PSV LP or allocated to the capital account in PSV Mini-Master relating to the investor's series of shares in PSV Ltd. Provisional performance allocations are made annually to a special account established for the PSV GP, and the net appreciation and depreciation of the amounts provisionally allocated accrue to the benefit or detriment of the investor from whom the provisional allocation is taken.

The PSV GP may in its sole discretion waive or modify the performance allocation with respect to the capital accounts of members, partners, officers, managers, employees or affiliates of the PSV GP or the Adviser or other limited partners in the PSV GP's sole discretion. For example, for purposes of calculating the performance allocation, the PSV GP has agreed to the apply the PS IV Loss of certain PSV investors that were also investors in PS IV as of February 27, 2009 to the investors' respective capital accounts in PSV LP or to the capital accounts in PSV Mini-Master relating to the investors' series of shares in PSV Ltd (in each case, less any PS IV Loss previously applied to the investors' investments in the PS Partnerships or PS Ltd).

The Adviser may charge Other Products higher or lower management fees or performance fees or allocations.

B. Payment of Fees.

Fees and compensation paid to the Adviser or its affiliates by the Funds are generally deducted from the assets of the Funds. As discussed above, management fees are

generally deducted on a quarterly basis and performance compensation is generally deducted on an annual basis.

Fees and compensation paid to the Adviser or its affiliates by the PSV Funds are generally deducted from the assets of the PSV Funds. As discussed above, management fees are generally deducted on a quarterly basis and performance compensation is provisionally allocated on an annual basis but not deducted until an investor's full or partial redemption or the liquidation of the applicable PSV Fund's portfolio.

C. Additional Fees and Expenses.

Each client generally bears its own expenses, including, without limitation, accounting, auditing, entity-level taxes and tax preparation expenses, legal fees and expenses (including expenses relating to regulatory filings made in connection with each client's business, indemnification expenses and expenses relating to regulatory or similar investigations, inquiries and "sweeps"), professional fees and expenses (including fees and expenses of investment bankers, appraisers, public and government relations firms and other consultants and experts), investment-related expenses (including research and expenses (including travel and lodging expenses) associated with activist campaigns (both long and short) such as expenses related to event hosting and production, public presentations, public relations, public affairs and government relations, forensic and other analyses and investigations, proxy contests, solicitations and tender offers, and compensation, indemnification and other expenses of any nominees proposed by the GP or the Adviser as directors or executives of portfolio companies), printing and postage expenses, brokerage fees and commissions, expenses relating to short sales (including dividend and stock borrowing expenses), clearing and settlement charges, custodial fees, bank service fees, margin and other interest expense and transaction fees, "blue sky" and corporate filing fees and expenses, insurance expenses, initial offering and organizational expenses and on-going offering expenses, the management fee, the performance allocation, performance fees and payments for custody of each client's assets and for the performance of administrative services, and other client expenses, as approved by the Board of Directors of PS Ltd, the Board of Directors of PSV Ltd, the GP or the PSV GP, as applicable. Examples of expenses not explicitly listed above that may be approved by the Board of Directors of PS Ltd or the GP, as applicable, include payments or contributions to lobbying or not-for-profit organizations, which payments or contributions are expected to benefit a specific investment, the investment program or the operations or business of the Funds.

See Item 12 for information regarding the Adviser's brokerage practices.

D. Additional Compensation and Conflicts of Interest.

Neither the Adviser 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

The Adviser and its affiliates accept performance-based compensation from every client. As a result, the Adviser and its affiliates do not face the conflicts of interest that may arise when an investment adviser accepts performance-based compensation from some clients, but not from other clients. However, the Adviser charges a lower performance fee to PSH, and the Adviser and its affiliates charge lower management fees and performance allocations to the PSV Funds and may charge higher or lower management fees or performance allocations to their different clients. As a result, the Adviser and its affiliates may have an incentive to allocate limited investment opportunities to the clients from whom the greatest performance-based fees may be earned. The Adviser has an allocation policy that addresses these conflicts of interest, and it is described in Item 11 herein.

ITEM 7

TYPES OF CLIENTS

As noted above, the Adviser provides advice to the Funds and the PSV Funds, which are investment funds. Investors in the Funds and the PSV Funds may include high net worth individuals, pension funds and profit sharing plans, trusts, estates, charitable organizations, corporations, business entities, endowments and foreign sovereign wealth funds. The Private Funds and the PSV Funds require minimum initial subscriptions from their investors as outlined in each such Fund's or PSV Fund's offering document. The Private Funds or the PSV Funds may accept lower subscription amounts under the circumstances described in the applicable Private Fund's or PSV Fund's offering document.

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 Adviser offers to clients, and investment strategies pursued and investments made by the Adviser on behalf of its clients, should not be understood to limit in any way the Adviser's investment activities. The Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this brochure, that the Adviser considers appropriate, subject to each client's investment objectives and guidelines. The investment strategies the 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.

The Adviser is a concentrated, research-intensive, fundamental value investor in the public markets. The Funds' investment objectives are to preserve capital and seek maximum, long-term capital appreciation commensurate with reasonable risk. The Adviser defines risk as the probability of permanent loss of capital, rather than price volatility.

In its value approach to investing, the Adviser seeks to identify and invest in long (and occasionally short) investment opportunities that the Adviser believes exhibit significant valuation discrepancies between current trading prices and intrinsic business (or net asset) value, often with a catalyst for value recognition. The Adviser's focus on deeply undervalued securities is due to its belief that a well-priced purchase is often the most important determinant of the success of an investment. In addition, the Adviser believes that the acquisition of a portfolio of investments, when acquired at a large discount to intrinsic value, provides a margin of safety that can mitigate the likelihood of an overall permanent loss of each Fund's capital.

The Adviser believes long and short investments that meet the Funds' objectives are often found in companies undergoing significant changes in strategy, capital structure, corporate governance, management, legal exposure, corporate form, shareholder composition and control, liquidity and financial condition, and in companies that are affected by external changes in the economic and political environment, including changes in the relevant tax code.

The Adviser believes that investment opportunities that meet the Funds' objectives may at times occur in distressed securities, companies in or exiting bankruptcy, spin-offs, rights offerings, liquidations, companies for which litigation is a major asset or liability, misunderstood large capitalization companies, under-followed small and mid-capitalization companies, and other special situations.

While the Adviser is comfortable making investments in a wide range of industries and asset classes, it generally prefers investments in simple businesses or assets that generate cash flow streams that can be estimated within a reasonable range over the long term. The Adviser is willing to accept a high degree of situational, legal, and/or capital structure complexity in the Funds' investments if it believes that the resulting complexity allows for a bargain purchase.

The Adviser generally seeks to make investments in three broad categories of opportunities: (1) great businesses at fair prices, where a great business is generally understood by the Adviser as one which generates relatively predictable, growing, free-cash-flows; (2) good businesses or assets at cheap prices often with a catalyst to realize value; and (3) mispriced probabilistic investments where the Adviser believes that the market price of a security or other investment under- or over-estimates the probability of a favorable outcome of a legal decision, contract or patent award or a change in interest rates, exchange rates or commodity prices, or such other event that is expected to lead to a significant change in the valuation of such security or investment.

In certain situations, if the Adviser believes the commitment of time, energy and capital is justified in light of the potential for reward, the Adviser may seek to be a catalyst to realize value from an investment by taking an active role in effectuating corporate change either working alone or in conjunction with other investors. These activist techniques may include working with management or other more aggressive steps such as acquiring substantial publicly disclosed stakes in issuers, proposing a restructuring, recapitalization, sale, or other change in strategic direction, seeking potential acquirers, engaging in proxy contests, making tender offers, changing management and other related activities. The Adviser believes that these activist techniques can both accelerate and maximize the realization of value from an investment.

The Adviser also seeks short sale investments that offer absolute return opportunities. In addition, the Adviser may short individual securities to hedge or reduce the Funds' long exposure. The Adviser expects to use various investment strategies that are consistent with the Funds' governing documents. These investment strategies may include (but are not limited to) the use of derivative instruments for hedging, managing risk or attempting to enhance returns. In addition, the Adviser may engage in leverage transactions, including writing uncovered options, entering into futures transactions or other permitted derivative transactions whereby the Funds may have a future obligation to pay funds to another party to a transaction. The Adviser may engage in futures transactions in compliance with applicable rules of the Commodity Futures Trading Commission (the "CFTC"). The Adviser expects to use additional derivative instruments and other hedging, risk management and return enhancement techniques as new opportunities become available and as regulatory authorities broaden the range of permitted transactions.

In order to mitigate market-related downside risk, the Funds may acquire put options, short market indices, baskets of securities, and/or purchase credit-default swaps, but the Adviser is not committed to maintaining market hedges at any time.

The investment principals and analysts of the Adviser (the "Investment Principals") typically review a large number of potential investment opportunities. After identifying appropriate subsets within this broad initial review, the Investment Principals discuss these potential investments and apply proprietary analyses to further refine their focus. Once a potential investment is deemed sufficiently promising, members of the Investment Principals perform additional research involving the analysis of public filings and extensive secondary sources and analyze the historical record of the potential investment, looking for sources of comparable data on both public and private companies.

B. 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 the clients advised by the Adviser. These risk factors include only those risks the Adviser believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by the Adviser. Please refer to the Funds' and the PSV Funds' offering documents for a more complete description of the risk factors.

Investors may lose all, or substantially all, of their investment in the Funds or the PSV Funds

Investments are exposed to the risk of the loss of capital. The business of the Funds and the PSV Funds is to invest in securities (in the case of the PSV Funds, securities issued by, or instruments for which the reference asset is, APD) utilizing an investment strategy that may involve substantial risks. The prices of the Funds' and the PSV Funds' respective investments are volatile and market movements are difficult to predict. No guarantee or representation is made that either the Funds' or the PSV Funds' investment strategy will be successful. In addition, the Funds may utilize such investment techniques as short sales, securities lending, investments in non-marketable securities, uncovered option transactions, forward transactions, futures and options on futures transactions, foreign currency transactions and a highly concentrated portfolio, among others, which could under certain circumstances magnify the impact of any adverse market or investment developments.

There can be no assurance that the securities purchased or investments made by the Funds or the PSV Funds will increase in value or that the Funds will not incur significant losses. An investor in a Fund or PSV Fund may lose all or substantially all of its investment in such Fund or PSV Fund.

The Funds are exposed to a concentration of investments and the PSV Funds are exposed to a highly concentrated investment, which could exacerbate volatility and investment risk

In the pursuit of the Funds' investment strategy, the Adviser may accumulate significant positions in particular investments and intends to invest the substantial majority of each Fund's capital in typically 8 to 12 core investments. The Adviser has invested nearly all of the PSV Funds' capital in securities issued by, or instruments for which the reference asset is, APD. The investment technique of concentrating investment positions (or, in the case of the PSV Funds, investing in a single position) increases the volatility of investment results over time and may exacerbate the risk that a loss in any such position could have a material adverse impact on a Fund's or the PSV Funds' assets, and, in turn, the value of any investment in a Fund or the PSV Funds. In particular, the PSV Funds are much more susceptible to fluctuations in value resulting from adverse economic conditions affecting the performance of APD (for instance, conditions affecting the sector in which APD operates or the geographic area in which its activity is focused) than a less concentrated portfolio would be. Although it may at times choose to do so, the Adviser is under no obligation to hedge any of the Funds' or PSV Funds' positions to mitigate these risks.

Activist investment strategies may not be successful. They may result in significant costs and expenses

The Adviser may pursue an activist role and seek to effectuate corporate changes with respect to an investment. The costs in time, resources and capital involved in such activist investments depend on the circumstances, which are only in part within the Adviser's control, and may be significant, particularly if litigation against a Fund, a PSV Fund, the Board of Directors of PS Ltd or PSV Ltd, and/or the Adviser ensues. In addition, the expenses associated with an activist investment strategy, including potential litigation, expenses related to the recruitment and retention of board members, executives and other individuals providing business assistance to the Adviser in connection with an activist campaign (including, for example, consultants and corporate whistle-blowers) or other transactional costs, will be borne by the applicable Fund or PSV Fund. Such expenses may reduce returns or result in losses.

The success of the Funds' activist investment strategy may require, among other things: (i) that the Adviser properly identify portfolio companies whose equity prices can be improved through corporate and/or strategic action; (ii) that the Funds acquire sufficient securities of such portfolio companies at a sufficiently attractive price; (iii) a positive response by the management of portfolio companies to shareholder engagement; (iv) a positive response by other shareholders to shareholder activism and the Adviser's proposals; and (v) a positive response by the markets to any actions taken by portfolio companies in response to shareholder activism. None of the foregoing can be assured.

The PSV Funds will invest in, or otherwise be exposed to, a single issuer, APD. The success of the PSV Funds' investment strategy with respect to APD may require, among other things: (i) that the securities of APD prove to be undervalued such that prices can be improved, including through the Adviser's actions; (ii) that the PSV Funds acquired sufficient securities of APD at a sufficiently attractive price; (iii) that the PSV Funds avoid, or otherwise manage, triggering anti-takeover and regulatory obstacles while accumulating their positions; (iv) that management of APD and other security holders respond positively to the Adviser's actions; and (v) that the market price of APD's securities increases in response to any actions taken by APD. None of the foregoing can be assured.

Activist strategies employed in respect of the Funds' or the PSV Funds' investments may prove ineffective for a variety of reasons, including: (i) opposition of the management, board of directors and/or shareholders of the subject company, which may result in litigation and may erode, rather than increase, shareholder value; (ii) intervention of one or more governmental agencies; (iii) efforts by the subject company to pursue a "defensive" strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) market conditions resulting in material changes in securities prices; (v) the presence of corporate governance mechanisms such as staggered boards, poison pills and classes of shares with increased voting rights; and (vi) the necessity for compliance with applicable securities laws. In addition, opponents of a proposed corporate governance change may seek to involve regulatory agencies in investigating the transaction or the Funds or PSV Funds, and such regulatory agencies may independently investigate the participants in a transaction, including the Funds or the PSV Funds, as to compliance with securities or other law. This risk may be exacerbated to

the extent the Adviser develops and utilizes novel activist strategies. Furthermore, successful execution of an activist strategy may depend on the active cooperation of shareholders and others with an interest in the subject company. Some shareholders may have interests which diverge significantly from those of the Funds or the PSV Funds and some of those parties may be indifferent to the proposed changes.

Moreover, securities that the Adviser believes are fundamentally underpriced or incorrectly priced may not ultimately be valued in the capital markets at prices and/or within the timeframe the Adviser anticipates, even if an activist strategy is successfully implemented. In respect of portfolio companies in which the Adviser causes the Funds to hold a long position, even if the prices for a portfolio company's securities (or, in the case of the PSV Funds, APD's securities) increase, no guarantee can be made that there will be sufficient liquidity in the markets to allow the Funds or PSV Funds to dispose of all or any of its securities therein or to realize any increase in the price of such securities. The converse applies equally to portfolio companies in which the Adviser causes the Funds to hold a short position.

The Adviser may fail to identify suitable investment opportunities for the Funds

Each Fund's investment strategy depends on the ability of the Adviser to successfully identify attractive investment opportunities. Any failure to identify and make appropriate investment opportunities would increase the amount of the Funds' assets invested in cash or cash equivalents and, as a result, may reduce their rates of return. The Funds will face competition for investments from, for example, public and private investment funds, strategic buyers and/or investment banks. Many of these competitors may be substantially larger and have greater financial resources than are available to the Funds. There can be no assurance that the Adviser will be able to identify and make investments that are consistent with the Funds' investment objectives or generate attractive returns for their investors or that the Funds will not be significantly affected by competitive pressures for investment opportunities.

The due diligence performed by the Adviser before investing may not reveal all relevant facts in connection with an investment

When assessing an investment opportunity, the Adviser has relied and will continue to rely on resources that may provide limited or incomplete information. In particular, the Adviser has relied and will continue to rely on publicly available information and data filed with various government regulators. Although the Adviser expects that it has evaluated and will continue to evaluate information and data as it deems appropriate and has sought and will seek independent corroboration when reasonably available, the Adviser has not and may choose not to evaluate all publicly available information and data with respect to any investment and has often not been and will often not be in a position to confirm the completeness, genuineness or accuracy of the information and data that it did or will evaluate.

In addition, when assessing an investment opportunity for the Funds, investment analyses and decisions by the Adviser may be undertaken on an expedited basis in order to take advantage of what it perceives to be short-lived investment opportunities. In such cases, the available information at the time of an investment decision may be limited, inaccurate and/or incomplete.

As a result, there can be no assurance that due diligence investigations carried out by the Adviser will reveal or highlight all relevant facts that may be necessary or helpful in evaluating investment opportunities for the Funds or the PSV Funds' investment opportunity in APD. Any failure to identify relevant facts may result in inappropriate investment decisions, which may have a material adverse effect on the value of any investment in the Funds and/or the PSV Funds.

Market risk may significantly impact the performance of the Funds

The Funds and the PSV Funds are exposed to market risk. Among other things, this means that the prices of financial and derivative instruments in which the Funds and/or the PSV Funds may invest can be highly volatile. Price movements of equity, debt and other securities and instruments in which the Funds' and/or the PSV Funds' 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. Moreover, war, political or economic crisis or other events may occur which can be highly disruptive to the markets, regardless of the strategies being employed. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies, financial instrument futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The Funds and the PSV Funds also are subject to the risk of the failure of any exchanges on which its positions trade and of their clearinghouses. Sustained cyclical market declines and periods of unusual market volatility make it more difficult to produce positive trading results, and there can be no assurance that the Funds' or the PSV Funds' strategies will be successful in such markets.

Adverse changes affecting the global financial markets and economy may have a material negative impact on the performance of the Funds' investments

Global capital markets have experienced extreme volatility and disruption in recent years as evidenced by the failure of major financial institutions, significant write-offs suffered by the financial services sector, the re-pricing of credit risk, the unavailability of credit or the downgrading and the possibility of default by sovereign issuers, forced exit or voluntary withdrawal of countries from a common currency and/or devaluation. Despite actions of government authorities, these events have contributed to a worsening of general economic conditions, high levels of unemployment in Western economies and the introduction of austerity measures by governments.

Such worsening of financial market and economic conditions may have a negative effect on valuations of, and the ability of the Funds and/or the PS V Funds to exit or partially divest from, investment positions. Adverse economic conditions may also decrease the value of collateral securing some of their positions, and require the Funds and/or the PSV Funds to contribute additional collateral.

Depending on market conditions, the Funds and/or the PSV Funds may incur substantial realized losses and may suffer unrealized losses in future periods, all of which may

materially adversely affect their results of operations and the value of any investment in the Funds and/or the PSV Funds.

Unexpected market disruptions may cause major losses

The Funds and the PSV Funds may incur major losses in the event of disrupted markets and other extraordinary events in which market behavior diverges significantly from historically recognized patterns. The risk of loss in such events may be compounded by the fact that in disrupted markets, many positions become illiquid, making it difficult or impossible to close out positions against which markets are moving. Market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses for the Funds and the PSV Funds, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk. Any such disruptions and events may have a material adverse effect on the value of any investment in the Funds and/or the PSV Funds.

The Adviser may use litigation in pursuit of activist investment strategies or itself be the subject of litigation or regulatory investigation

In pursuit of activist investment strategies (including the PSV Funds' investment in APD), the Adviser may determine to use litigation as a course of action. In addition, one or more Funds or PSV Funds may be a party to lawsuits initiated by third parties, including companies in which the Funds invest (in the case of PSV Funds, lawsuits initiated by APD), other shareholders, or governmental bodies. There can, however, be no assurance that any litigation, once begun, will be resolved in favor of the Funds or the PSV Funds, as applicable. As a result, the Funds and/or the PSV Funds may be exposed to the risk of monetary damages and other sanctions or remedies, or the objective they are seeking to achieve may be defeated by delaying strategies of the target company. In addition, as an activist investor, the Adviser is subject from time to time (and especially in the context of a proxy contest) to formal or informal investigations or inquiries by the SEC and other governmental and self-regulatory organizations in connection with its trading and other activities. Litigation and regulatory investigations may require significant amounts of the Adviser's time and result in significant expenses to a Fund or PSV Fund.

The Funds and/or the PSV Funds may participate substantially in the affairs of companies acquired by them, which may result in the Funds' and/or the PSV Funds' inability to purchase or sell the securities of such companies

One or more Funds and/or PSV Funds may substantially participate in or influence the conduct of affairs or management of issuers of securities acquired by them. Members, partners, officers, managers, employees or affiliates of the Adviser and its affiliates or designees may serve as directors of, or in a similar capacity with, companies in which one or more Funds invest or, in the case of the PSV Funds, of APD. In the event that material non-public information is obtained with respect to such companies or one or more Funds or PSV Funds become subject to trading restrictions pursuant to the internal trading policies of such companies, as a result of applicable law or regulations, one or more Funds or PSV Funds may be prohibited for a period of time from purchasing or selling the securities of such companies, and as a result be prevented from increasing its exposure (or maintaining its relative ownership stake,

in the case additional securities are issued by such company) to an investment position which appreciates or divesting from or exiting an investment position which decreases in value. Any such restrictions may have a material adverse effect on a Fund or PSV Fund and the value of any investment in a Fund or PSV Fund.

Control investments made by the Funds or the PSV Funds may pose various risks

The Funds may take a controlling stake in certain investments. The PSV Funds may take a controlling stake in APD. These investments may involve a number of risks, such as the risk of liability for environmental damage, product defect, failure to supervise management, violation of governmental regulations and other types of liability in which the limited liability characteristic of business operations may be ignored. In addition, in connection with the disposition of these investments, the Funds and/or the PSV Funds may make representations and warranties about such investments' business and financial affairs typical of those made in connection with the sale of any business, or may be responsible for the contents of disclosure documents under applicable securities law. The Funds and/or the PSV Funds may also be required to indemnify the purchasers of such investments or underwriters to the extent that any such representations and warranties or disclosure documents turn out to be incorrect, inaccurate or misleading. All of these risks or arrangements may create contingent or actual liabilities and materially affect the Funds and/or the PSV Funds and any investment in the Funds and/or the PSV Funds.

Regulatory restrictions on the beneficial ownership of securities may impair the Funds' and/or the PSV Funds' ability to achieve their respective investment objectives

The investment strategies pursued by the Funds and the PSV Funds may be affected by applicable U.S. state and federal laws and regulations governing the beneficial ownership of public securities, which may inhibit the Funds' and/or the PSV Funds' ability to freely acquire and dispose of certain securities. Should a Fund or PSV Fund be affected by such rules and regulations, it may not be able to transact in ways that would realize value for the applicable Fund or PSV Fund. In addition, any changes to government regulations could make some or all forms of activist strategies unlawful or impractical. Accordingly, such changes, if any, could have an adverse effect on the ability of a Fund or PSV Fund to achieve its investment objective.

Options, swaps and other instruments may involve substantial risks

The Funds and/or the PSV Funds may buy or sell (write) both call options and put options, and when writing options, may do so on a "covered" or an "uncovered" basis. A call option is "covered" when the writer owns securities of the same class and amount as those to which the call option applies. A put option is covered when the writer has an open short position in securities of the relevant class and amount. The Funds' and/or the PSV Funds' option transactions may be part of a hedging strategy (*i.e.*, offsetting the risk involved in another securities position) or a form of leverage, in which the Fund or the PSV Fund has the right to benefit from price movements in a large number of securities with a small commitment of capital. These activities involve risks that can be substantial.

When a Fund or PSV Fund buys an option, a decrease (or insufficient increase) in the price of the underlying security in the case of a call, or an increase (or insufficient decrease) in the price of the underlying security in the case of a put, could result in a total loss of that Fund's or PSV Fund's investment in the option (including commissions). When a Fund or PSV Fund sells (writes) an option, the risk can be substantially greater than when it buys an option. The seller of a call option bears the risk of an increase in the market price of the underlying security above the exercise price. The risk in that case is theoretically unlimited unless the option is "covered." If it is covered, that Fund or PSV Fund would forego the opportunity for profit on the underlying security should the market price of the security rise above the exercise price.

Swaps and certain options and other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty, market risk, liquidity risk and operations risk.

Credit-default swaps are characterized by volatile pricing, potentially illiquid markets, difficulty in predicting triggering events and various other risks

The Funds and, for the purpose of hedging counterparty risk, the PSV Funds, may enter into credit-default swaps. A credit-default swap is a contract between two parties which transfers the risk of loss and/or default related to a particular entity (the "reference entity") if a "credit event" occurs with respect to the debt of such reference entity. The credit-default swap provides for payments to be made by the protection seller which offset or reduce the losses sustained by the protection buyer as a result of the credit event. Generally, "credit events" include a variety of typically adverse events that trigger payouts under these financial instruments and include, among other things, failure by the reference entity to pay the principal or interest related to its debt or bankruptcy of the reference entity. If a credit event occurs, the purchaser of protection would settle the credit-default swap in one of three ways, as specified in the credit-default swap: (i) through a standardized auction process where credit-default swaps are cash settled and the seller of protection delivers to the purchaser of protection an amount equal to the face value of the credit-default swap less the market value of specified debt, (ii) through a physical settlement process where the purchaser of credit protection delivers a debt instrument related to the reference entity to the counterparty and the counterparty pays to the purchaser a specified face value of the credit-default swap, or (iii) through another method agreed upon by the parties. The first way is the most common form of credit-default swap settlement. Credit-default swaps can also be used to obtain short exposure related to the debt of a reference entity. There are many credit-default swap products, such as credit-default swaps on an index of reference entities or customized credit-default swaps that reference specific corporate bonds.

The Funds may purchase credit-default swap protection as a hedge against particular assets or other events. Credit-default swaps can also be utilized to implement the Adviser's view that a particular credit, or group of credits, will experience credit deterioration or improvement. The Funds may enter into credit-default swap transactions, even if the credit outlook is positive, if it believes that participants in the marketplace have incorrectly valued the components which determine the value of such credit-default swap. The Funds may purchase

credit-default protection even in the case in which it does not own the debt of the reference entity if the Adviser believes that the reference entity's credit will deteriorate. The Funds may also purchase the credit-default swap protection as a hedge against particular assets or other events. While in the past the Funds have not been sellers of protection, the Funds may also sell protection by underwriting default risk to entities that would like to purchase such protection. If a Fund sells protection and if the reference entity does not experience a credit event, that Fund will have received premium payments for the term of the credit-default swap. However, if the reference entity experiences a credit event, that Fund would be obligated to pay to the purchaser of protection the face amount of the credit-default swap, which amount may be significantly greater than any premiums that it had received during the term of the credit-default swap.

Swap transactions dependent upon credit events are priced by incorporating many variables, including, among other things, the pricing and volatility of the common stock, potential loss upon default and the shape of the yield curve of U.S. Treasuries. As such, there are many factors upon which market participants may have divergent views, which increases the risk of entering into these credit-default swaps. This may be particularly true in the case of certain types of debt; for example, the credit-default swap market in high yield securities is comparatively new and rapidly evolving compared to the credit-default swap market for more seasoned and liquid investment grade securities.

The market for credit derivatives may be relatively illiquid, and there are considerable risks that may make it difficult either to buy or sell the contracts as needed or at reasonable prices. Sellers and buyers of credit derivatives are subject to the inherent price, credit spread and default risks of the debt instruments covered by the derivative instruments, as well as the risk of non-performance by the other party. There are also risks with respect to credit derivatives in determining whether an event will trigger payment under the contract and whether such payment will offset the loss or payment due under another instrument. In the past, buyers and sellers of credit derivatives have found that a triggering event in one contract may not match the triggering event in another contract, exposing the buyer or the seller to further risk. Furthermore, notwithstanding any right to a payout upon the occurrence of a credit event, there is some risk that a counterparty to a credit-default swap may have insufficient capital to fund a payout.

Given the increases in volume of credit derivatives trading in the marketplace, settlement of such contracts may also be delayed beyond the time frame originally anticipated by counterparties. Such delays may adversely affect a Fund's or PSV Fund's ability to otherwise productively deploy any capital that is committed with respect to such contracts.

The Funds and the PSV Funds are not obligated to hedge their exposure, and if they do, hedging transactions may be ineffective or reduce their overall performance

Although the Funds and the PS V Funds are not obligated to, and often times will not, hedge their respective exposure, they may utilize a variety of financial instruments and derivatives, such as options, interest rate swaps, caps and floors, and forward contracts, for risk management purposes, including in order to (i) protect against possible changes in the market value of the their investment portfolios resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect the unrealized gains in the value of their investment

portfolios; (iii) facilitate the sale of any investments; (iv) enhance or preserve returns, spreads or gains on any investment in their portfolios; (v) hedge the interest rate or currency exchange rate on any of their liabilities or assets; (vi) protect against any increase in the price of any securities they anticipate purchasing at a later date; or (vii) for any other reason that the Adviser deems appropriate. The success of any hedging activities by the Funds or the PSV Funds will depend, in part, upon the Adviser's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Funds' or the PSV Fund's hedging strategy will also be subject to the Adviser's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. In addition, while the Funds and/or the PSV Funds may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the applicable Funds or PSV Funds than if they had not engaged in such hedging transactions.

Counterparties to derivative transactions may not be subject to credit evaluation, regulatory oversight, financial responsibility requirements or the requirement to segregate customer funds or positions

To the extent that the Funds and/or the PSV Funds and the Adviser trade derivatives in over-the-counter markets in the United States or elsewhere, such trading will be subject to certain risks arising from the fact that the participants in these markets are typically not subject to credit evaluation and regulatory oversight to the same extent as are members of exchanges or clearing houses. This exposes the Funds and the PSV Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not in good faith) since these markets may lack the established rules and procedures for swift settlement of disputes among market participants as in exchange-based markets. These factors may cause the Funds and/or the PSV Funds to suffer a loss due to adverse market movements while replacement transactions are executed or otherwise. Such counterparty risk is accentuated for contracts with longer maturities where events may intervene to prevent settlement or where the Funds and/or the PSV Funds have concentrated their transactions with a single or small group of counterparties.

Although each Fund and PSV Fund will attempt to limit its derivative transactions to those with well-known and well-capitalized firms where it is permitted to trade over-the-counter, the Funds and the PSV Funds are not restricted from dealing with any particular counterparty or from concentrating any or all of its derivative transactions with one counterparty. Moreover, the Adviser's internal credit function which evaluates the creditworthiness of the Funds' and the PSV Funds' counterparties may prove insufficient. The lack of a complete and foolproof evaluation of the financial capabilities of each Fund's and PSV Fund's counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Funds and the PSV Funds.

Forward trading may expose the Funds and/or the PSV Funds to the risk of bank failure or non-performance, as well as other risks

Forward contracts and options thereon, unlike futures contracts, have not historically been traded on exchanges and have not been standardized; rather, banks and dealers have acted, and continue to act, as principals in these markets, negotiating each transaction on an individual basis. Under the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”), many over-the-counter derivatives will be required to be traded on regulated trading facilities and cleared through regulated clearing houses. However, certain types of forward contracts, particularly foreign exchange and physical commodity forwards, will continue to be traded over-the-counter. As a result, the Funds and/or the PSV Funds will continue to be subject to the risks of forward trading. Forward trading (to the extent forward contracts are not traded on regulated facilities) and “cash” trading are substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals that deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities 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. Disruptions can occur in any market traded by the Funds or the PSV Funds due to unusually high trading volume, political intervention or other factors.

In connection with its possible trading in non-U.S. currency forward contracts, the Funds may contract with a non-U.S. or a U.S. bank to make or take future delivery of a specified lot of a particular currency for the Funds’ accounts. Banks and futures commission merchants with which the Funds may maintain accounts may require the Funds to deposit margin with respect to such trading. Banks are not required to continue to make markets in such contracts. Arrangements to trade forward contracts may be made with only one or a few banks, and liquidity problems therefore might be greater than if such arrangements were made with numerous banks. The imposition of credit controls by governmental authorities might limit such forward trading to less than that which the Adviser would otherwise recommend, to the possible detriment of the Funds. With respect to its trading of forward contracts with banks, if any, the Funds will be subject to the risk of bank failure and the inability of, or refusal by, a bank to perform with respect to such contracts. Any such default would deprive the Funds of any profit potential or force the Funds to cover their commitments for resale, if any, at the current market price, and could result in a loss to the Funds.

Short selling exposes the Funds to the risk of theoretically unlimited losses. In addition, regulatory actions may curtail the ability of the Funds to effect their short selling strategy

Short selling involves selling securities that are not owned by the short seller and delivering borrowed securities to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from a decline in market price to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which the Funds engage in short sales will depend upon the Adviser’s investment

strategy and opportunities. In certain cases, a short sale creates the risk of a theoretically unlimited loss, because the price of the underlying security could theoretically increase without limit. The potential for unlimited losses may be due to general market forces, such as increases in the price of a security sold short or a lack of stock available for short sellers to borrow for delivery. There can be no assurance that the Funds will be able to maintain the ability to borrow securities sold short. For example, the broker or other institution that lent the stock in question to that Fund may demand the return of the borrowed security. In addition, a Fund may be subject to a “short squeeze” resulting in significant increases in the market price of a stock. A short squeeze occurs, for example, when a company with a large short interest announces a positive development, the stock price rises causing short sellers on margin to cover, which pushes the stock price up further causing more shorts to cover, and so on. A short squeeze may push a stock price above its fair value until the shorts finish covering. As a result, that Fund may be required to replace securities previously sold short, with purchases on the open market at prices significantly greater than those at which the securities were sold short. As mentioned above, purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Until the security is replaced, that Fund is required to pay to the lender amounts equal to any dividends or interest that accrue during the period of the loan. In addition, to borrow the security, that Fund may be required to pay a premium, which would increase the cost of the security sold.

Following the economic crisis in 2008, a number of regulators issued emergency orders to temporarily ban short selling of any publicly traded securities, such as securities issued by financial firms or government securities, and required institutional investment managers, including hedge fund managers, to report short positions on publicly traded securities. Several regulators have augmented these emergency measures with permanent rules intended to deter market abuses perceived to be connected with short selling. For example, the SEC has made permanent its temporary close-out requirement for sales of equity securities, as well as the penalties for failure to do so. In 2010, it also adopted Rule 201 under the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), which restricts short selling when a stock has experienced a price decline of at least 10% in one day.

On November 1, 2012, a new pan-European short selling regime (in the form of a European Union (“EU”) regulation, which has direct effect in each of the 27 countries of the EU (the “EU Short Selling Regulation”)) came into force in the EU and requires (by midnight on the applicable dealing day (U.K. time or continental European time, as applicable, depending on the relevant market)) private disclosure to the relevant local regulator of net short positions in any stocks listed on European regulated markets or multilateral trading facilities that exceed 0.2% of the issued capital of the relevant issuer. Further disclosures will have to be made to the regulator at 0.3% and 0.4% (with additional disclosures to the regulator as each subsequent 0.1% threshold is crossed), with any net short position that is equal to or exceeds 0.5% of the issued capital of the relevant issuer being made public to the market by the relevant regulator. Additional disclosures will also have to be made when a net short position is decreasing through relevant 0.1% incremental thresholds. The EU Short Selling Regulation will also have the effect of banning “naked” short sales on stocks listed on European markets, meaning that short sales of stocks will only be permitted where the seller has borrowed the relevant stock or has entered into

an agreement or arrangement to borrow it or has a reasonable expectation that settlement of the stock can be effected when due.

To date, short selling measures have typically focused on equities and equity-related financial instruments. As well as covering the short selling of securities, the EU Short Selling Regulation (No. 236/2012) also introduced measures to impose restrictions on the creation of short positions in relation to European sovereign debt (including banning “naked” short sales of EU sovereign debt and prohibiting any persons, anywhere in the world, from entering into “naked” credit-default swap transactions in relation to EU sovereign debt). It is impossible to know what, if any, further changes in regulations may occur, but any regulations which restrict the ability of the Funds to trade in securities, including through short selling strategies, could have a material adverse impact on the Funds.

The Funds and PSV Funds may carry leverage in relation to their capital, which has the potential to increase losses

While the Funds and the PSV Funds expect that as a general matter they will operate without relying significantly on leverage, the Funds and the PSV Funds are not restricted from leveraging their investments. The Funds and/or the PSV Funds may seek to magnify their investment returns with options, short sales, swaps, forwards and other derivative instruments. The Funds and/or the PSV Funds may also pledge their securities in order to borrow additional funds for investment purposes, through margin loans, which would provide further leverage. In the case of the Funds, as a result, the amount of leverage may be substantial in relation to their capital. The PSV Funds do not intend to use a material amount of financial or option leverage, if any. In certain circumstances, the PSV Funds may use a modest amount of margin leverage which, if used, is not expected to exceed 25% of the investment at cost.

PSH may not engage in leverage greater than the maximum allowable under applicable law. PSH’s Board has adopted a policy pursuant to which the borrowing ratio of PSH, defined for this purpose as the ratio of the aggregate principal amount of all borrowed money (including margin loans) of PSH to PSH’s total assets (pursuant to the latest available annual or interim financial statements of PSH) shall in no event exceed 50% at the time of incurrence of any borrowing or drawdown. PSH may access the bond market and obtain other forms of financing, including, without limitations, margin loans. PSH’s borrowing policy does not apply and does not limit the leverage inherent in the use of derivative instruments. In addition, because the borrowing limit is determined by reference to PSH’s total assets pursuant to its latest available annual or interim financial statements, in the event that PSH’s total assets decrease after the relevant date, it is possible that the aggregate principal amount of borrowed money could exceed 50% of total assets as of the time of incurrence.

While leverage presents opportunities for increasing the Funds’ and the PSV Funds’ total returns, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment by the Funds or the PSV Funds would be exacerbated to the extent the Funds or the PSV Funds are leveraged. The cumulative effect of the use of leverage by the Funds or the PSV Funds in a market that moves adversely to the Funds’ or the PSV Funds’ investments could result in a substantial loss to the Funds or the PSV Funds that would be greater than if the Funds or the PSV Funds were not leveraged.

Margin borrowings may subject the Funds and/or the PSV Funds to additional risks

Whenever the Funds or the PSV Funds use financing extended by broker-dealers to leverage their portfolios, they may be subject to changes in the value that broker-dealers ascribe to a given security or position, the amount of margin required to support such security or position, the borrowing rate to finance such security or position and/or such broker-dealers' willingness to continue to provide any such credit to the Funds or the PSV Funds. A Fund and/or a PSV Fund could be forced to liquidate its portfolio on short notice to meet its financing obligations. The forced liquidation of all or a portion of a Fund's or a PSV Fund's portfolio at distressed prices could result in significant losses to that Fund or PSV Fund.

In particular, a Fund or a PSV Fund could be subject to a "margin call," pursuant to which that Fund or PSV Fund would either be required to deposit additional funds or securities with the broker-dealer or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of a Fund's or PSV Fund's assets, that Fund or PSV Fund might not be able to liquidate assets quickly enough to satisfy its margin requirements.

The Funds and/or the PSV Funds may invest through affiliates and their investments may be subordinated to the claims of such affiliates' creditors

The Funds and/or the PSV Funds may effect certain investments through limited partnerships, limited liability companies, corporations or other vehicles sponsored or managed by the Adviser or third parties. For example, certain Funds have invested a portion of their capital in the PSV Funds and the PSV Funds invest through PSV Mini-Master and other trading vehicles. The Funds and the PSV Funds, as applicable, will bear their *pro rata* share of the costs of operating such vehicle(s) but will not allocate any additional performance allocation, or pay any additional management fee, to the GP, the PSV GP, the Adviser or their affiliates, as applicable, as a result of investment through such investments. A creditor having a claim that relates to a particular investment held by any such vehicle may be able to satisfy such claim against all assets of such vehicle, without regard to the participation rights of the Funds or the PSV Funds and other investors of such vehicle in the assets of such vehicle.

The Funds' portfolio turnover rates may be high, resulting in greater expenses

Portfolio turnover will not be a limiting factor in making investment decisions for the Funds and may vary from year to year, as well as within a year. Although not expected, turnover rates may be high, which will likely result in higher brokerage and other transaction expenses than funds with lower portfolio turnover. Higher turnover rates will negatively affect the results of operations of the Funds and, in turn, any investment in the Funds.

If the Funds lend their portfolio securities, they may experience losses or delays in the event of bankruptcy of the counterparty to the loan

The Funds may lend their respective portfolio securities (in which case the Funds will receive all revenues from such securities lending). By doing so, the Funds attempt to increase income through the receipt of interest on the loan, in addition to the underlying

dividends and other income from the securities. In the event of the bankruptcy of the borrower of the securities, the Funds could experience delays in recovering the loaned securities or the revenues from securities lending. To the extent that the value of the securities a Fund lent has increased, that Fund could experience a loss if those securities are not recovered.

The Funds' and/or the PSV Funds' trading orders may not be timely executed

Each Fund's and PSV Fund's investment and trading strategies depend on its ability to establish and maintain an overall market position in a combination of financial instruments selected by the Adviser. A Fund's and/or PSV Fund's trading orders may not be executed in a timely and efficient manner due to various circumstances, including, for example, trading volume surges or systems failures attributable to that Fund or PSV Fund, the Adviser, that Fund's or PSV Fund's counterparties, brokers, dealers, agents or other service providers. In such event, the Fund or PSV Fund might only be able to acquire or dispose of some, but not all, of the components of such position, or if the overall position were to need adjustment, that Fund or PSV Fund might not be able to make such adjustment. As a result, that Fund or PSV Fund would not be able to achieve the market position selected by the Adviser, which may result in a loss. In addition, the Funds and the PSV Funds rely heavily on electronic execution systems (and may rely on new systems and technology in the future), and such systems may be subject to certain systemic limitations or mistakes, causing the interruption of trading orders made by the Funds and/or the PSV Funds.

The Funds' foreign investments may be subject to various risks

The Funds may invest in securities trading in markets less mature than those of, for example, the United States or Europe. Investing in these securities involves particular risks, including:

- political and economic risks, such as expropriation and nationalization, the potential difficulty of repatriating funds and general social, political and economic instability;
- potential lack of liquidity and greater price volatility, which may affect, among other things, the ability to exit a position;
- the imposition of withholding or other taxes on interest, dividends, payments on certain derivative instruments, capital gains, other income or gross sale or disposition proceeds;
- fluctuations in the rate of exchange between currencies and costs associated with currency conversion;
- certain government policies that may restrict a Fund's investment opportunities;
- lower quality accounting and financial reporting standards;
- a less effective regulatory environment;
- higher transaction costs of investing;

- absence of an independent judicial system and exposure to economic, political or nationalistic influences, resulting in difficulties in pursuing legal remedies or obtaining and enforcing judgments; and
- a less favorable environment for pursuing an activist investment strategy.

The Funds' non-U.S. currency investments may be affected by fluctuations in currency exchange rates

The Funds may invest in instruments denominated in currencies other than the U.S. dollar. Each Fund, however, values its securities and other assets in U.S. dollars. To the extent that a Fund's assets are not hedged, fluctuations in the U.S. dollar exchange rates will affect the value of such investments and the effects of price changes of such assets in the various local markets and currencies.

Currency exchange rates may fluctuate significantly over short periods of time. Currency exchange rates generally are determined by the forces of supply and demand in the foreign exchange markets and the relative merits of investments in different countries, actual or perceived changes in interest rates and other complex factors. Currency exchange rates also can be affected unpredictably by intervention by the United States or non-U.S. governments or central banks, by the failure to so intervene or by currency controls or political developments in the United States or other countries.

ITEM 9
DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of the Adviser's advisory business or the integrity of the Adviser's management.

ITEM 10
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Broker-Dealer Registration Status.

The 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.

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

The Adviser and its management persons are not registered as, and do not have any application to register as a, futures commission merchant or associated persons of a futures commission merchant. The Adviser is registered as a commodity pool operator with the CFTC.

C. Material Relationships or Arrangements with Industry Participants.

The Adviser may recommend from time to time for clients to make investments in Other Products. In addition, the GP is registered as an investment adviser with the SEC.

The Adviser has made a small passive investment in IEX Group, Inc., a start-up alternative trading system company whose business objective is to create an execution alternative that may reduce the execution costs of large investors (including the Funds). The Adviser believes that the creation of such an alternative trading system is in the best interests of the Funds. The Funds have executed, and may continue to execute, trades through the company's execution platform. The Adviser does not intend to personally benefit from such investment. If the disposition of the Adviser's interests in the company is profitable, the Adviser will reduce the management fees that the Funds pay by an amount equal to any profit realized by the Adviser in respect of such disposition, as adjusted, in the Adviser's sole discretion, for any fees, costs, taxes, or expenses incurred by the Adviser in relation to such investment. Such reduction will be applied to the Funds at such time and in such manner deemed by the Adviser to be fair and equitable. If there are losses in connection with the disposition of the Adviser's interests in the company, the Adviser will bear 100% of such losses. This investment does not require material time or resources of the Adviser and will not subject the Adviser to broker/dealer registration.

D. Material Conflicts of Interest Relating to Other Investment Advisers.

The Adviser does not recommend or select other investment advisers for its clients.

ITEM 11

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

A. Code of Ethics.

The Adviser has adopted a code of ethics (“Code of Ethics”), which is designed to foster compliance with applicable federal statutes and regulatory requirements, minimize circumstances that may lead to or give the appearance of conflicts of interest with clients, insider trading, or unethical business conduct as well as promote a culture of high ethical standards. Among other things, the Code of Ethics governs personal securities trading by the Adviser’s personnel. No employee of the Adviser may personally purchase or sell any security, subject to certain exceptions, e.g., employees may purchase and sell certain securities such as shares issued by open-ended mutual funds, money market funds, U.S. Treasury bonds, commercial paper, etc. In addition, if any employee has any direct or indirect beneficial ownership in any non-excepted security as of the date he or she joined the Adviser, any sale of that security thereafter must be cleared, in advance and in writing, by the Adviser’s Chief Compliance Officer or her designee. Employees must also pre-clear transactions in various types of limited offerings. Employees may not acquire securities issued in initial public offerings. In addition, the Code of Ethics requires employees to disclose their personal securities holdings and transactions to the Adviser on a periodic basis.

The Adviser also maintains insider trading policies and procedures (the “Insider Trading Policies”) that are designed to prevent the misuse of material, non-public information.

The Adviser’s personnel are required to certify their compliance with the Code of Ethics, and the Insider Trading Policies, on a periodic basis.

The Adviser’s Insider Trading Policies prohibit the Adviser and its personnel from trading for the Funds, the PSV Funds or themselves, or recommend trading, in securities of a company while in possession of restricted material, non-public information about the relevant issuer in violation of the law (“Inside Information”). By reason of its various activities, the Adviser may become privy to Inside Information or be restricted from effecting transactions in investments that might otherwise have been initiated. The Adviser has designed and implemented policies in order to comply with the requirements of the federal securities laws relating to insider trading. Among other things, those policies and procedures seek to control and monitor the flow of Inside Information (if any) to and within the Adviser, as well as prevent trading on the basis of Inside Information in violation of the law.

Clients may request a copy of the Code of Ethics by contacting the Adviser at the address or telephone number listed on the first page of this document.

B. Securities in which the Adviser or a Related Person Has a Material Financial Interest.

1. Cross Trades

Subject to certain terms and conditions and to the extent permitted by law and as deemed advisable by the Adviser, the Adviser may effect rebalancing or internal cross-transactions among the Funds and Other Products (as applicable). When that happens, one Fund or Other Product purchases securities or other financial instruments held by one or more of the other Funds or Other Products or sells securities or other financial instruments to one or more of the other Funds or Other Products. The Adviser generally effects these transactions at a predetermined time, on the first business day of each month, typically using prices as of the last day of the preceding month, pursuant to a methodology that is intended to result in the Funds generally holding such securities or other financial instruments on a proportionate basis relative to their respective net asset values. The considerations described under “Allocation of Trades and Investment Opportunities” below, however, may result in a different methodology for the intended result of cross-transactions and in particular may take into account cash balances or cash requirements in each of the Funds (or any such Other Products).

In addition, the Adviser may abstain from effecting a cross-transaction or only effect a partial cross-transaction if it determines in its sole discretion that a cross-transaction or a portion thereof is not in the best interests of a Fund or Other Product (for example, because a security or financial instrument is held by such Fund or Other Product in the appropriate ratio relative to its net asset value, or because a security or financial instrument should be divested, in whole or in part, by the other Funds and Other Products) or as a result of tax, regulatory, risk or other considerations. As a consequence, the portfolio of investments held by a Fund may at any time differ significantly from those held by the other Funds or Other Products. In particular, the Adviser anticipates that given the closed-ended nature of PSH and depending on the level of net redemptions in the Private Funds, PSH may hold a greater percentage of active investments with a resulting lower proportion of cash or cash equivalents or passive investments as compared with the Private Funds.

The Adviser effects these cross-transactions based on the current independent market prices and consistent with valuation procedures established by the Adviser, which may vary from time to time. Neither the Adviser nor any of its affiliates receive any compensation in connection with cross-transactions. In addition, these cross-transactions are generally effected without brokerage commissions being charged.

At the inception of an investment vehicle, or upon the acceptance of a significant inflow of capital by a Fund or Other Product, the Adviser may effect an initial rebalancing or cross-transaction between the investment vehicle and the Funds or Other Products in accordance with the rebalancing policy described above.

2. Principal Transactions

To the extent that cross-transactions may be viewed as principal transactions due to the ownership interest in a Fund or Other Product by the Adviser and its personnel, the Adviser will either not effect such transactions or comply with the requirements of Section 206(3) of the U.S. Investment Advisers Act of 1940, as amended, including that the Adviser will notify the relevant Fund or Other Product (or an independent representative of that Fund or Other Product) in writing of the transaction and obtain the consent of that Fund or Other Product (or an independent representative of that Fund or Other Product), and any other applicable law or regulation.

C. Investing in Securities that the Adviser or a Related Person Recommends to Clients.

See Item 11(A) for a description of the Adviser's personal trading policy.

D. Conflicts of Interest Created by Contemporaneous Trading.

1. Allocations of Trades and Investment Opportunities

It is the policy of the Adviser to allocate new investment opportunities fairly and equitably over time among the Funds and Other Products it manages. This means that a proposed investment opportunity will generally be allocated among those Funds and Other Products for which participation in the investment opportunity is considered appropriate, taking into account, among other considerations, (a) the risk-reward profile of the proposed investment opportunity in light of a Fund's or Other Product's objectives (whether such objectives are considered solely in connection with the specific investment opportunity or in the context of such Fund's or Other Product's overall holdings); (b) the potential for the proposed investment to create an imbalance in a Fund's or Other Product's portfolio; (c) cash balances, liquidity requirements of the Funds or Other Products or anticipated cash flows (including as a result of subscriptions and redemptions or withdrawals, as applicable); (d) tax considerations; (e) regulatory restrictions that would or could limit a Fund's or Other Product's ability to participate in the proposed investment opportunity; and (f) any need to re-size risk in the Funds' and Other Products' portfolios.

The Adviser expects to allocate investment opportunities among the Funds and Other Products sharing a similar investment strategy (if any) on a proportionate basis pursuant to policies that are intended to result in the Funds (and such Other Products) generally holding similar securities or other financial instruments relative to their respective net asset values. The considerations described above, however, may result in allocations among a Fund and one or more other Funds (or any such Other Products) to be made on a different basis. Similarly, as a result of the considerations described above, a Fund may increase its exposure to an existing investment position, while other Funds (or any such Other Products) may not participate in such increase, or vice versa. The allocation of investment opportunities may, in particular, take into account cash balances or cash requirements in the Funds (or any such Other Products), including as a result of subscriptions or redemptions in these Funds or Other Products.

For purposes of its allocation policy, the Adviser may determine to treat more than one security and/or financial instrument as one single investment opportunity, if, among other things, the relevant securities or financial instruments are deemed by the Adviser to bear similar characteristics.

In addition, at the inception of an investment vehicle, or upon the acceptance of a significant inflow of investor capital by a Fund or Other Product, until the subscription proceeds have been substantially invested, the Adviser may, in application of the allocation and rebalancing policies described above, and as a result of having regard to cash balances or liquidity and other operational factors of the new investment vehicle, allocate to that vehicle certain securities and financial instruments in excess of the vehicle's *pro rata* share of such securities and financial instruments.

The Adviser and its affiliates have in the past established, and may in the future establish special-purpose vehicles, or SPVs, to make investments in one or more securities or financial instruments. This may be the case, for example, where the Adviser and its affiliates propose to acquire a large position in an issuer without causing the Funds to become overly exposed to that issuer.

Typically, the Funds will have established a position in such issuer prior to the launch of a special-purpose vehicle. In certain situations, the Funds may also participate in the special-purpose vehicle. To the extent, however, a Fund is not eligible to participate in such a vehicle while other Funds are, the allocation will occur on a non-*pro rata* basis. The PSV Funds are an example of a special-purpose vehicle in which certain Funds have invested a portion of their capital, but pursuant to the terms of such investment, the PSV Funds will not pay (and the such Funds will as a result not indirectly bear the cost of) any performance fees or management fees to the Adviser or its affiliates.

In addition, given their specific purposes, such special investment vehicles may be allocated more or less than their *pro rata* share of certain securities and financial instruments or may accumulate securities and financial instruments at a faster or slower pace than the Funds. Conversely, upon a determination to wind-up a special investment vehicle, such vehicle may divest its securities and financial instruments at a faster or slower rate than the Funds, or may do so at a time when the Funds are purchasing such securities and financial instruments.

2. Order Aggregation and Average Pricing

The Adviser may, but is not obligated to, bunch orders for the purchase or sale of the same securities for the Funds and other clients of the Adviser and its affiliates, where the Adviser deems this to be appropriate, in the best interests of clients and consistent with applicable regulatory requirements. When a bunched order is filled in its entirety, each participating client, including a Fund, participates at the average price for the bunched order on the same business day, and transaction costs are shared *pro rata* based on each client's participation in the bunched order. When a bunched order is only partially filled, the securities purchased are allocated on a *pro rata* basis to each client participating in the bunched order based upon the initial amount requested for the client, subject to certain exceptions, and each participating client participates at the average share price for the bunched order on the same day.

ITEM 12

BROKERAGE PRACTICES

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

It is the Adviser's policy to place trades for the Funds with broker-dealers on the basis of seeking best execution and other relevant considerations, including, but not limited to: confidentiality; price quotes; the size of the transaction and ability to find liquidity; the broker-dealer's promptness of execution; the nature of the market for the financial instrument; the timing of the transaction; the difficulty of execution; the broker-dealer's expertise in the specific financial instrument or sector in which the Funds seek to trade; the extent to which the broker-dealer makes a market in the financial instrument involved or has access to such markets; the broker-dealer's skill in positioning the financial instruments involved; the broker-dealer's financial stability; the broker-dealer's reputation for diligence, fairness and integrity; the quality of service rendered by the broker-dealer in other transactions for the Adviser; the quality and usefulness of brokerage and research services and investment ideas presented by the broker-dealer or third parties; the broker-dealer's willingness to correct errors; the broker-dealer's ability to accommodate any special execution or order handling requirements that may surround the particular transaction; and other factors deemed appropriate by the Adviser. The Adviser may, but need not, solicit competitive bids and does not have an obligation to execute trades solely based on the lowest available commission cost or spread.

In addition, the Funds may, from time to time, enter into block trades with broker-dealers acting as underwriters which may require a prospectus or enter into block trades with broker-dealers executed in reliance of an exemption from the prospectus delivery requirement as set forth in Rule 144 under the Securities Act. The factors that the Adviser considers in selecting a broker-dealer for block sale transactions are consistent with the above enumerated considerations with a particular focus on the ability of the selected broker-dealer to execute the full size of the block trade or to render the diligence, speed and other services to the Funds that are associated with these block trades. Given the nature of these block trades, including additional services and the ability to locate demand for the block, the Funds may pay, from time to time, commissions that are in excess of ordinary course, small order, brokerage commissions. These block trade commissions will either be paid by the Funds directly or indirectly through a discount to the then current market price of the securities being sold. In each case, the Funds will only pay fees or commissions that are deemed by the Adviser to reflect the value of the services received by the Funds in these block trades.

1. Research and Other Soft Dollar Benefits.

The Adviser may cause its clients to pay a broker or dealer that directly or indirectly provides eligible brokerage and research services that benefit the Adviser, or its other clients, a commission for effecting a securities transaction in excess of the lowest available commission cost; *provided* that: (i) the Adviser determines in good faith that the amount is reasonable in relation to the services in terms of the particular transaction or in terms of the Adviser's overall responsibilities with respect to the accounts as to which it exercises investment discretion; (ii) such payment is made in compliance with the provisions of Section 28(e) of the

Exchange Act, other applicable state and federal laws and each Fund's respective governing documents; and (iii) in the opinion of the Adviser, the total commissions paid by each Fund will be reasonable in relation to the benefits to that Fund over the long term. The performance fee/allocation and the management fee are not reduced as a result of the receipt by the Adviser of research services. The Adviser places portfolio transactions for other clients. The brokerage and research services provided are not used solely for the clients which generated the brokerage commissions but are used to service all of the Adviser's clients.

Generally, research services provided by brokers may include information on the economy, industries, sectors, individual companies, statistical information, accounting and tax interpretations, political developments, legal developments affecting portfolio securities, technical market activity, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis, and analysis of corporate responsibility issues. Research services may be received in the form of written reports, telephone contacts, and meetings with security analysts. In addition, such research services may be provided in the form of access to various computer-generated data and computer software.

In some cases, research services are generated by third parties. In such circumstances, research prepared by a third party other than the broker that executed the transaction must be "provided by" a broker-dealer that is involved in "effecting" the trade for an account managed by the Adviser. For purposes of the Section 28(e) safe harbor, a broker-dealer is involved in "effecting" a trade where (i) it executes, clears or settles the trade, or (ii) performs at least one of the following four functions: (a) assumes financial responsibility for all customer trades until the clearing broker-dealer has received payment (or securities), *i.e.*, is at risk for the customer's failure to pay; (b) makes and/or maintains records relating to customer trades required by the SEC and self-regulatory organizations; (c) monitors and responds to customer comments concerning the trading process; or (d) generally monitors trades and settlements. For purposes of the Section 28(e) safe harbor, a broker-dealer "provides" research where it either: (a) is legally obligated to pay for the research or (b) does the following: (1) pays the research preparer directly, (2) reviews the description of the product or service for red flags that indicate the service is not within the safe harbor and agrees with the Adviser to use commissions only to pay for those items that reasonably fall within the safe harbor, and (3) implements procedures to ensure that research payments are documented and paid for promptly. Where a broker-dealer performs only one function, it must take steps to see that the other functions have been reasonably allocated to another broker-dealer in the arrangement in accordance with SEC or self-regulatory organization rules.

If less than 100% of a product or service is used for assistance in the Adviser's decision-making process, the Adviser will consider the product as a "mixed-use" product. With mixed-use products, the Adviser will make a good faith allocation between the research and non-research benefits and will use commissions to pay for only that portion of the product used by the Adviser to formulate investment decisions and will use its own funds to pay for the portion of the product that is used for non-research purposes. With respect to "mixed-use" products, in making good faith allocations of costs between research and non-research benefits, a conflict of interest may exist by reason of the Adviser's allocation of the costs of such benefits and services

between those that primarily benefit the Adviser and those that primarily benefit its clients. The Adviser may share research with its affiliates, including the GP.

2. Brokerage for Client Referrals.

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

3. Directed Brokerage.

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

B. Order Aggregation.

Please see Item 11 (D) for a description of the Adviser's order aggregation procedures.

ITEM 13

REVIEW OF ACCOUNTS

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

The Adviser performs various daily, weekly, monthly, quarterly and periodic reviews of each client's portfolio. These reviews are conducted by the Adviser's Investment Principals.

B. 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.

C. Content and Frequency of Account Reports to Clients.

The Adviser generally provides annual audited financial statements within 90 or 120 days, as applicable, following the end of the applicable client's fiscal year end. In addition, the Adviser provides estimates of each Fund's performance on a weekly and monthly basis, and other information as the Adviser may, from time to time, deem advisable and desirable. Investors in the Private Funds are also provided with capital account statements on a monthly basis.

ITEM 14
CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefits for Providing Services to Clients.

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

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

Except as described below, neither the Adviser nor any related person directly or indirectly compensates any person who is not a supervised person, including placement agents, for client referrals. J.P. Morgan Securities Inc. and its private banking affiliates (together, “J.P. Morgan”) have been retained as a non-exclusive placement agent for introducing potential investors to PS LP and PS Ltd. Credit Suisse Securities (Europe) Limited and its affiliates (together, “Credit Suisse”) have been retained as a non-exclusive placement agent for introducing potential investors to PS Ltd. Each of J.P. Morgan and Credit Suisse receives a portion of the management fees otherwise paid to the Adviser in connection with investors introduced to the relevant Fund by J.P. Morgan and Credit Suisse, respectively. The Adviser may enter into arrangements with other placement agents for introducing potential investors to the Funds or the Other Products.

ITEM 15 CUSTODY

The Adviser is deemed to have custody of client funds and securities because it has the authority to obtain client funds or securities, for example, by deducting advisory fees from a client's account or otherwise withdrawing funds from a client's account. Account statements related to the clients are sent by qualified custodians to the Adviser.

The Adviser is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). However, it is not required to comply (or is deemed to have complied) with some requirements of the Custody Rule with respect to each Fund and PSV Fund because it complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception," which, among other things, requires that each Fund and PSV Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Fund and PSV Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

ITEM 16
INVESTMENT DISCRETION

The Adviser or an affiliate of the Adviser entered into an investment management agreement, or similar agreement, with each Fund and PSV Fund, pursuant to which the Adviser or an affiliate of the Adviser was granted discretionary trading authority.

The Adviser's investment decisions and advice with respect to each Fund and PSV Fund are subject to each Fund's or PSV Fund's investment objectives and guidelines, as set forth in its offering documents.

ITEM 17

VOTING CLIENT SECURITIES

In accordance with SEC requirements, the Adviser has adopted Proxy Voting Policies and Procedures (the “Proxy Policies”) to address how the Adviser will vote proxies that it receives for the Funds’ portfolio investments. The Proxy Policies seek to ensure that the Adviser votes proxies (or similar instruments) in the best interest of the Funds, including when there may be conflicts of interest in voting proxies. The Adviser does not anticipate any conflicts of interest between the Adviser and the Funds in terms of proxy voting. If the Adviser, however, encounters an identifiable conflict of interest with respect to a particular vote, with sufficient time before a vote, the Adviser’s conflicts committee will determine how to vote the proxy consistent with the best interests of the Funds and in a manner not affected by the conflict of interest. The conflicts committee may opt for a voting procedure by which guidance is sought from the Adviser’s advisory board or outside legal counsel on matters involving a material conflict or potential conflict of interest. Clients may not direct the Adviser’s proxy voting, but may obtain a copy of the Proxy Policies and/or information regarding how the Adviser voted proxies for particular portfolio companies by contacting the Adviser.

ITEM 18
FINANCIAL INFORMATION

The Adviser 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.

ITEM 19
REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Not applicable.