

FIRM BROCHURE

LONGHORN CAPITAL PARTNERS, L.P.

1445 Ross Avenue, Suite 5000
Dallas, Texas 75202
(214) 452-6260
(214) 594-5711
compliance@longhorncapital.com

THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF LONGHORN CAPITAL PARTNERS, L.P. IF YOU HAVE ANY QUESTIONS ABOUT THE INFORMATION CONTAINED IN THIS BROCHURE, PLEASE CONTACT US AT (214) 452-6260, OR BY EMAIL AT COMPLIANCE@LONGHORNCAPITAL.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.

THIS BROCHURE DOES NOT CONSTITUTE AN OFFER, SOLICITATION OR RECOMMENDATION TO SELL OR AN OFFER TO BUY ANY SECURITIES, INVESTMENT PRODUCTS OR INVESTMENT ADVISORY SERVICES. SUCH AN OFFER MAY ONLY BE MADE TO ELIGIBLE PERSONS BY MEANS OF DELIVERY OF A CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM AND OTHER SIMILAR MATERIALS THAT CONTAIN A DESCRIPTION OF THE MATERIAL TERMS RELATING TO SUCH INVESTMENT.

ADDITIONAL INFORMATION ABOUT LONGHORN CAPITAL PARTNERS, L.P. ALSO IS AVAILABLE ON THE SEC'S WEBSITE AT WWW.ADVISERINFO.SEC.GOV.

MARCH 31, 2015

Item 2: Material Changes

The date of the last annual update to our firm brochure was March 28, 2014. A summary of the material changes that have been made to our firm brochure since the date of our last annual update is set forth below:

- We revised and updated various risk factors in Item 8.
- In Item 10, we added disclosure regarding the exemption from registration as a commodity pool operator with the CFTC that we have claimed with respect to each of the Longhorn Funds.
- We and certain of our principals and affiliates recently entered into an amended and restated profit sharing agreement with the Seed Investor. **See Item 10.**

Nevertheless, investors and clients are encouraged to review this brochure in its entirety. The information set forth herein is qualified in its entirety by the applicable offering materials and/or governing or account documents. In the event of a conflict between the information set forth in this brochure and the information in the applicable offering documents and/or governing or account documents, such documents shall control.

Item 3: Table of Contents

Item 2: Material Changes	2
Item 3: Table of Contents	3
Item 4: Advisory Business.....	4
Item 5: Fees and Compensation.....	6
Item 6: Performance-Based Fees and Side-By-Side Management	8
Item 7: Types of Clients	9
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss.....	10
Item 9: Disciplinary Information	17
Item 10: Other Financial Industry Activities and Affiliations	18
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	19
Item 12: Brokerage Practices.....	20
Item 13: Review of Accounts	23
Item 14: Client Referrals and Other Compensation.....	24
Item 15: Custody	25
Item 16: Investment Discretion	26
Item 17: Voting Client Securities	27
Item 18: Financial Information.....	28
General Information	29

Item 4: Advisory Business

FIRM DESCRIPTION

Longhorn Capital Partners, L.P., a Delaware limited partnership and private investment advisory firm (“Longhorn Capital Partners”), was founded in 2006 and is located in Dallas, Texas. We provide investment management and other services to various types of clients, including private investment vehicles, separately managed accounts and SEC-registered investment companies. We generally have full discretionary power and authority with respect to investment decisions, and our advisory services are provided in accordance with the investment objectives, strategies, guidelines, limitations and other terms and conditions set forth in the applicable governing, account and/or offering documents. The information set forth in this brochure is qualified in its entirety by the applicable governing, account and/or offering documents.

PRINCIPAL OWNERS

Our general partner is Longhorn Management, LLC, a Delaware limited liability company, which is owned and controlled by Mr. Kristopher N. Kristynik and Mr. Philip M. Eckian. Mr. Kristynik, Mr. Eckian and Mr. Britton Brown are the limited partners of Longhorn Capital Partners and Mr. Kristynik owns a majority of our limited partnership interests.

TYPES OF ADVISORY SERVICES

Longhorn Funds

We serve as investment manager to various private investment funds, including Longhorn Onshore Investors, L.P., a Delaware limited partnership (the “Onshore Fund”), and Longhorn Master Investors, L.P., a Cayman Islands exempted limited partnership (the “Master Fund” and, together with the Onshore Fund, the “Longhorn Funds”). The Onshore Fund invests substantially all of its assets in, and conducts substantially all of its investment activities through, the Master Fund. We have the discretionary authority to invest and reinvest the assets of the Longhorn Funds in securities and other financial instruments in accordance with the terms and conditions set forth in the applicable governing and offering documents.

Separately Managed Accounts and Other Clients

In addition to the Longhorn Funds, we serve and may serve as investment adviser and/or sub-adviser to various other advisory clients, including separately managed funds or accounts, SEC-registered investment companies and other private investment funds. We manage the accounts of each such client in accordance with the terms, conditions, guidelines and limitations set forth in the applicable governing documents, investment management or sub-advisory agreement.

INVESTMENT RESTRICTIONS

Longhorn Funds

We provide investment advice to the Longhorn Funds in accordance with the investment objectives, policies and guidelines set forth in the applicable offering and/or governing documents. Investors generally are not permitted to impose restrictions or limitations on the management of the Longhorn Funds. Notwithstanding the foregoing, we may enter into side letter agreements with one or more investors that alter, modify or change the terms of the interests held by those investors.

Information about each Longhorn Fund is set forth in its offering materials and applicable governing documents. Investment in a Longhorn Fund does not, in and of itself, create an advisory relationship between an investor in such fund and us.

Separately Managed Accounts and Other Clients

We tailor our advisory services and recommendations to the individual objectives, strategies, goals, guidelines and limitations of each of our advisory clients.

REGULATORY ASSETS UNDER MANAGEMENT

As of December 31, 2014, we had approximately \$793.2 million in regulatory assets under management. All of

these assets were managed on a discretionary basis.

Item 5: Fees and Compensation

DESCRIPTION OF COMPENSATION AND FEE SCHEDULE

In consideration of our advisory services, we and/or our affiliates generally are entitled to receive management fees and/or performance-based fees or allocations from our clients. The fees applicable to each client are set forth in detail in the applicable governing and/or offering documents. A brief summary of our basic fee schedule is provided below.

Onshore Fund

We generally are entitled to receive a management fee, payable quarterly in advance, equal to one-fourth (1/4) of one and one-half percent (1.5% per annum) of each capital account of an investor, which fee is debited against such capital account.

In addition, we or one of our affiliates generally are entitled to receive an annual performance allocation equal to a percentage (from 17% to 20%) of the net profits allocated to each capital account of an investor for the applicable period (subject to certain adjustments).

Performance allocations are subject to a “high water mark” limitation. As a result, after the first year in which a performance allocation is earned, the performance allocation for later years applies only to the extent that an investor’s pro rata share of net profits, measured on a cumulative basis, for all years since admission exceeds the highest level of cumulative net profits achieved through the close of any prior year since admission.

Each investor in the Onshore Fund generally is required to be, among other things, a “qualified purchaser” as such term is defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended (the “Company Act”).

Our fees with respect to the Onshore Fund generally are not negotiable. However, we have entered and may enter into side letters or similar arrangements in the future with certain investors that grant different terms (including lower fees) to such investors than the terms generally applicable to other investors.

Separately Managed Accounts and Other Clients

We generally negotiate fees with respect to our other advisory clients, including separately managed funds or accounts, investment companies and other private investment funds, on a case by case basis, taking into consideration various factors relating to the services performed by us on behalf of the applicable client. In general, we receive a management fee, payable quarterly/monthly in arrears, equal to a percentage of the net asset value of the advisory account of each client. In addition, we may be entitled to receive a performance-based fee equal to a percentage of the net profits allocated to the account during the applicable performance period (subject to the terms and conditions set forth in the applicable governing documents or investment management agreement).

PAYMENT OF FEES

Onshore Fund

Management fees are payable quarterly, in advance, as of the first business day of each calendar quarter. Management fees are deducted directly from the capital account of each investor on the first business day of each calendar quarter.

Performance allocations are calculated and paid or allocated, as applicable, as of the end of each fiscal year (and at such other times as set forth in the partnership agreement). Performance allocations are allocated directly from the capital account of each applicable investor to our capital account or the capital account of one of our affiliates.

No management fee or performance allocation generally is payable with respect to direct or indirect investments made by our employees and affiliates.

Separately Managed Accounts and Other Clients

The billing of management fees with respect to our other advisory clients, including separately managed funds or accounts, investment companies and other private investment funds, is negotiable; however, management fees generally are payable on a monthly or quarterly basis in arrears. Performance-based fees or allocations, to the extent applicable, generally are calculated and paid on an annual basis.

OTHER FEES AND EXPENSES

We generally are responsible for and pay all ordinary office overhead expenses, which includes rent, supplies, secretarial expenses, stationery, charges for furniture and fixtures and compensation of security analysts and personnel. All other costs and expenses (in addition to management fees and performance-based fees or allocations) generally are borne by our clients, including (i) legal, accounting, auditing and other professional expenses, (ii) investment and investment-related expenses such as commissions, research expenses, interest on margin accounts and other indebtedness and trading expenses, (iii) the pro rata share of the fees and expenses incurred from investing in other investment vehicles, (iv) custodial fees and (v) other reasonable expenses related to the purchase, sale or transmittal of client assets. Clients generally are responsible for and pay all custodial and brokerage fees. **See Item 12 below.**

COMPENSATION FOR THE SALE OF SECURITIES OR OTHER INVESTMENT PRODUCTS

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

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

PERFORMANCE-BASED FEES

As noted under Item 5 above, if applicable, we may receive performance-based fees or allocations with respect to certain of our advisory clients (including the Longhorn Funds). Performance-based fees or allocations could motivate us to make investment decisions that are riskier or more speculative than would be the case if these arrangements were not in effect. The method of calculating the performance-based fees or allocations may result in conflicts of interest with respect to the management and disposition of investments, including the sequence of dispositions. In addition, because performance-based fees or allocations may be calculated on a basis that includes both realized and unrealized appreciation in portfolios based upon values assigned by us, we face a conflict of interest in valuing those portfolios. Our individual employees and affiliates who are compensated to some extent based upon trading profits for which they are responsible face the same potential conflicts. We address this conflict through full and fair disclosure in applicable offering documents and/or this brochure.

SIDE-BY-SIDE MANAGEMENT

We manage accounts for which we are entitled to receive performance-based fees or allocations alongside accounts for which we are not entitled to receive any performance-based fees or allocations. Such side-by-side management could motivate us to favor accounts for which we or our employees or affiliates receive performance-based fees or allocations over other accounts for which such fees are not payable. We attempt to address this conflict by, among other things, adhering to objective allocation policies and procedures and routinely reviewing such allocation policies and procedures, and through disclosure in this brochure. **See Item 12 below.**

Item 7: Types of Clients

DESCRIPTION

We currently provide investment advisory services to affiliated private pooled investment vehicles (the Longhorn Funds), an investment company registered as such under the Company Act, and a separately managed account. We may in the future provide investment advice to other types of clients including, but not limited to, individuals, separately managed accounts, other investment companies and other private investment funds.

ACCOUNT REQUIREMENTS

Longhorn Funds

The minimum initial capital contribution required from an investor in the Longhorn Funds is \$1,000,000, although capital contributions of lesser amounts may be accepted in our discretion. To invest in a Longhorn Fund, each investor generally is required to certify that it is, among other things, an “accredited investor” (as such term is defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended) and a “qualified purchaser” (as such term is defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended). Each prospective investor generally is required to complete and return various subscription documents to us, which are designed to provide us and our affiliates and agents with important information about the investor. Subscriptions may be accepted or rejected, in whole or in part, in our sole discretion.

Separately Managed Accounts and Other Clients

Advisory or sub-advisory clients generally are required to sign investment management agreements that, among other things, set forth the nature and scope of our investment management authority and the investment objectives, guidelines, restrictions and limitations applicable to advisory accounts. In addition, advisory clients generally are required to satisfy certain suitability requirements.

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

METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

We generally select diversified investments in publicly-traded equity securities of companies operating across a range of industries and geographies through employment of a fundamental, research-driven investment framework. We aim to invest with valuation discipline in companies experiencing meaningful intermediate-term change in underlying business fundamentals. We seek to identify and exploit a variant investment view not reflected in consensus thinking surrounding a company's intermediate-term business prospects. Upon identification, we perform rigorous due diligence to better understand and quantify the fundamental drivers of the business and to develop a view on the value of the business. This investment approach stresses an intermediate- to long-term investment horizon, with equal attention paid to long and short sale investments in order to increase potential investment performance as well as mitigate general market risk. As such, we actively adjust position size to reflect the perceived risk-reward of the current market price relative to value. Equal focus is placed on pursuing long and short term investments, as well as international exposure. Importantly, we view short sales as profit centers, not strictly as hedges. We may also utilize derivative instruments such as listed and over-the-counter options, swaps, futures and exchange-traded funds to express investment ideas identified in the research process and as an aid in risk management. We apply this underlying investment approach with respect to each of our advisory clients.

The investment strategies summarized above are not intended to be comprehensive and are qualified in their entirety by the investment strategies applicable with respect to each client, as set forth in its governing and/or offering documents. For more information regarding the investment strategies applicable to a Longhorn Fund, please refer to the applicable offering documents.

CERTAIN RISK FACTORS

There can be no assurance that we will achieve our investment objectives or that investments will be successful. Our investment program involves a substantial degree of risk, including risk of complete loss. Nothing in this brochure is intended to imply, and no one is or will be authorized to represent, that our investment program is low risk or risk free. Our investment program is appropriate only for sophisticated persons who fully understand and are capable of bearing the risks of investment. Prospective investors and clients are encouraged to carefully review the following risk factors, among others. The various risks outlined below are not the only risks associated with our investment strategies and processes and may not apply to all clients. Investors are urged to consult with their own independent financial, legal and tax advisors before making any investment decisions. With respect to the Longhorn Funds, the following risks are qualified in their entirety by the risks set forth in the applicable offering documents.

General Market Developments. Our success is affected by general economic and market conditions, such as changes in interest rates, availability of credit and debt-related issues, inflation rates, economic uncertainty, market volatility, changes in laws (including laws relating to taxation of investments), trade barriers, unemployment rates, release of economic data, currency exchange controls and national and international political circumstances (including wars, terrorist acts, natural disasters, security operations, the European debt crisis or the U.S. budget or debt-ceiling negotiations). These factors may affect the level and volatility of securities prices and the liquidity of client investments. Volatility and/or illiquidity could impair profitability or result in losses. Clients could incur material losses even if we react quickly to difficult market or economic conditions, and there can be no assurance that clients will not suffer material losses and other adverse effects from broad and rapid changes in economic and market conditions in the future. Clients and investors should realize that markets for the financial instruments in which we seek to invest can correlate strongly with each other at times or in ways that are difficult for us to predict. Even a well-analyzed approach may not protect clients from significant losses under certain market conditions.

Investment Risks in General. All investments risk the loss of capital. No guarantee or representation is or will be made that our investment program will be successful. Our investment program may involve, without limitation, risks associated with limited diversification, short-selling, equity risks, distressed issuers, interest rates, volatility, tracking risks in hedged positions, security borrowing risks in short sales, credit deterioration or default risks, systems risks and other risks inherent in our activities. Certain investment techniques may, in certain circumstances, substantially increase the impact of adverse market movements to which a client may be subject. In addition, investments may be materially affected by conditions in the financial markets and overall economic conditions occurring globally and in particular countries or markets where we invest assets.

Our methods of minimizing such risks may not accurately predict future risk exposures. Risk management techniques are based in part on the observation of historical market behavior, which may not predict market divergences that are larger than historical indicators. Also, information used to manage risks may not be accurate, complete or current, and such information may be misinterpreted.

Short Selling. We engage in short selling strategies on behalf of our clients. In a short sale, the seller sells a security that it does not own, typically a security borrowed from a broker or dealer. Because the seller remains liable to return the underlying security that it borrowed from the broker or dealer, the seller must purchase the security prior to the date on which delivery to the broker or dealer is required. As a result, we engage in short sales where we believe the value of the security will decline between the date of the sale and the date a client is required to return the borrowed security. The making of short sales exposes clients to the risk of liability for the market value of the security that is sold, which will be an unlimited risk due to the lack of an upper limit on the price to which a security may rise. In addition, there can be no assurance that securities necessary to cover a short position will be available for purchase or that securities will be available to be borrowed at reasonable costs. If a request for return of borrowed securities occurs at a time when other short sellers of the security are receiving similar requests, a “short squeeze” can occur, and a client may be compelled to replace borrowed securities previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received in originally selling the securities short. Until the securities are returned or replaced, a client will be required to pay to the lender amounts equal to any dividends or interest that accrue during the period of the loan of the securities. An increase in the value of any security that is the subject of short selling by a client may, as a result of the foregoing, have a material adverse effect on the assets of a client, and therefore the return on investment of such client.

The SEC has in the past adopted interim rules requiring reporting of all short positions above a certain *de minimis* threshold and may adopt reporting requirements in the future. In addition, other non-U.S. jurisdictions where we may trade have adopted reporting requirements. If our short positions or our strategy become generally known, it could have a significant effect on our ability to implement our investment strategy. In particular, it would make it more likely that other investors could cause a “short squeeze” in the securities held short by our clients forcing us to cover positions at a loss. Such reporting requirements may also limit our ability to access management and other personnel at certain companies where we seek to take a short position. In addition, if other investors engage in copycat behavior by taking positions in the same issuers as us, the cost of borrowing securities to sell short could increase drastically and the availability of such securities to our clients could decrease drastically. Such events could make us unable to execute our investment strategy. The SEC has adopted restrictions on short sales of securities which fall more than ten percent (10%) in a given day (referred to as the “circuit breaker” or “modified uptick rule”). If the SEC were to adopt additional restrictions regarding short sales, they could restrict our ability to engage in short sales in certain circumstances, and we may be unable to execute our investment strategy as a result. Also, the European Parliament passed a broad regulation which came into effect on November 1, 2012 that restricts and regulates short selling and certain over-the-counter (“*OTC*”) derivatives in Europe. In addition, following recent volatility in European markets, some European countries, including France, Italy and Spain, imposed temporary bans on short selling securities for certain companies listed in their markets, and certain European countries have imposed further restrictions and/or reporting obligations on short selling. Restrictions on the short selling of securities such as the above could interfere with our ability to execute certain transactions to implement risk management guidelines, and any limitations may adversely affect the performance of clients.

In addition, the Dodd-Frank Act requires the SEC to adopt rules providing for monthly public disclosure of the aggregate amount of the number of short sales of a particular security by institutional investment managers. The Dodd-Frank Act also expands the SEC’s authority over short selling in most securities, and requires the SEC to study the state of short selling, which could lead to further short sale regulation and additional requirements.

Equity Risks. We recommend investments in equity and equity-derivative securities. The market price of securities may go up or down, sometimes rapidly or unpredictably. A risk of investing is that the equity securities in a client’s portfolio will decline in value due to factors affecting equity securities markets generally or the sectors in which we invest. The values of equity securities may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors which affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Other risks of investing globally in equity securities may include changes in currency exchange rates, exchange control regulations, expropriation of assets or

nationalization, imposition of withholding taxes on dividend or interest payments, and difficulty in obtaining and enforcing judgments against non-U.S. entities. In addition, securities which we believe are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the time frame we anticipate. As a result, a client may lose all or substantially all of an investment in any particular instance.

Debt Investments. We may invest in bonds, notes and debentures issued by corporations. These instruments may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. We may invest in corporate debt instruments that have experienced or are contemplated to experience ratings downgrades. Other instruments may have the lowest quality ratings or may be unrated. Credit ratings evaluate the safety of the principal and interest payments, not the market value risk of lower-rated instruments. Such ratings also do not reflect macroeconomic or systemic risk, including the risk of increased illiquidity in the credit markets. It is also possible that a rating agency might not change its rating of a particular issue on a timely basis and, as a result, outstanding ratings may not reflect the issuer's current credit standing. Conversely, rating agencies may re-rate an instrument which could cause substantial loss as the ratings are downgraded. A client's investments may experience significant credit rating volatility, which may result in significant market value volatility and the potential for substantial loss. In addition, clients may be paid interest in kind in connection with its investments in corporate debt and related financial instruments (e.g., the principal owed to a client in connection with a debt investment may be increased by the amount of interest due on such debt investment). Such investments may experience greater market value volatility than debt obligations that provide for regular payments of interest in cash and, in the event of a default, a client may experience substantial losses.

Fixed Income Securities. In addition to its investment in public equity securities, we may invest in bonds or other fixed income securities of issuers including, without limitation, bonds, notes and debentures issued by corporations; debt securities and commercial paper. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities in which we may invest will change in response to fluctuations in interest rates. In addition, the value of certain fixed income securities can fluctuate in response to perceptions of creditworthiness, political stability or soundness of economic policies. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk).

Fundamental Analysis. Fundamental analysis is premised on the assumption that markets are not perfectly efficient, that informational advantages and mispricings do occur and that financial and company analysis can identify trading opportunities. Fundamental analysis may incur substantial losses if such economic factors are not correctly analyzed, not all relevant factors are identified and/or market forces cause mispricings to continue despite the traders having correctly identified such mispricings. Fundamental analysis may also be more subject to human error and emotional factors than technical analysis.

Our Investment Activities. Our investment activities involve a high degree of risk. The performance of any investment is subject to numerous factors which are neither within our control nor predictable. Such factors include a wide range of economic, political, competitive and other conditions that may affect investments in general or specific industries or companies. In recent years, the securities markets have become increasingly volatile, which may adversely affect our ability to realize profits on behalf of clients. As a result of the nature of our investment activities, it is possible that client financial performance may fluctuate substantially from period to period.

Distressed Securities. We may invest client assets in distressed securities. Investments in distressed securities involve acquiring securities of companies that are experiencing significant financial difficulties and of companies that are, or appear likely to become, bankrupt or involved in a debt restructuring or other major capital transaction. Consequently, there is a high degree of risk associated with these investments because such companies may never recover and the value of such investments may be lost.

Concentration. Although we generally intend to diversify client investments, it is possible that client investments may at times be concentrated in a limited number of companies. If such an investment performs poorly, this concentration could cause a proportionately greater loss than if a larger number of investments were made, and if such proportionately greater loss occurs, it may adversely impact the overall return on investment realized by investors.

Illiquid Investments. It is possible that certain investments will not be able to be sold except pursuant to a

registration statement filed under the Securities Act of 1933, as amended (the “Securities Act”), or in accordance with Rule 144 or another exemption under the Securities Act. Furthermore, because of the speculative and non-public nature of some investments, we may, from time to time, sell or otherwise dispose of investments that later prove to be more valuable than anticipated at the time of such disposition. Any premature sales or dispositions may prevent clients from realizing as great an overall return on investment as may have been realized if such sales or dispositions had been made at a later date, which may adversely affect investment results of investors.

Certain securities may be difficult or impossible to sell at the time and price that we desire. We may have to lower the price, sell other securities instead or forego an investment opportunity, any of which could have a negative effect on client performance.

Leverage. We may use leverage in our investment program. Although the use of borrowed money to purchase securities permits us to make investments in an amount in excess of client capital, it also increases client exposure to losses. Moreover, if revenues are not sufficient to pay the principal of and interest on debt when due, investors and clients could sustain a total loss of their investment. We seek to mitigate the risks associated with leverage by generally limiting the amount of loans that we enter into.

Counterparty Risks. We enter into many transactions with third parties (*i.e.*, custodians, prime brokers, etc.) in which the failure or delay of the third party to perform its obligations under a contract with us could have a material adverse effect on us and our clients. We generally do not perform extensive credit analyses on our counterparties.

Substantially all client assets are held in custodial accounts maintained for us and our clients by our custodians. We also have substantial exposure to other counterparties in connection with derivatives and other over-the-counter transactions. There is a risk that any of our counterparties could become insolvent. Most of our counterparties are and will be brokerage firms or commercial banks, which are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. In many cases, however, we may not be considered a “customer” of these institutions for purposes of such laws and regulations. Further, a substantial portion of client assets held by custodians, prime brokers and other counterparties may not be held in segregated accounts. Client assets generally are held in the name of the prime broker or custodian or its nominee, rather than in the name of our clients or our name, which may limit (legally or in practice) our ability to exercise voting rights, pursue legal remedies or dispose of positions. In any event, the practical effect of the applicable contracts, laws and regulations and their application to client assets if a counterparty becomes insolvent is subject to substantial limitations and uncertainties. As an example, firms with exposure to Lehman Brothers arising out of prime brokerage arrangements or derivative transactions are facing limited prospects for recovery as well as substantial uncertainty and delay. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of a counterparty’s insolvency on us and client assets. Clients and investors should assume that the insolvency of any of our custodians, prime brokers or other counterparties would result in the loss of all or a substantial portion of the assets held by such custodian, prime broker or counterparty.

Off-Balance Sheet Risk. In the normal course of business, we may invest in financial instruments with off-balance sheet risk. These instruments include forward contracts, swaps and securities and options contracts sold short. An off-balance sheet risk is associated with a financial instrument if such instrument exposes the investor to an accounting and economic loss in excess of the investor’s recognized asset carrying value in such financial instrument, if any; or if the ultimate liability associated with the financial instrument has the potential to exceed the amount that the investor recognizes as a liability in the investor’s statement of assets and liabilities. Additionally, in the normal course of business, we may purchase long positions in option contracts that do not have off-balance sheet-risk. The risk to which these financial instruments expose the investor is not in excess of the investor’s recognized asset carrying value in the statement of assets and liabilities.

Derivatives. We use derivative instruments, including (among others) convertible bonds, convertible preferred stock, options (including speculative positions such as buying and writing call options and put options on either a covered or an uncovered basis), futures, forward contracts, repurchase agreements, reverse repurchase agreements and many different types of swaps involving payments based on a wide range of risks. In many cases, derivatives provide the economic equivalent of leverage by magnifying the potential gain or loss from an investment in much the same way that incurring indebtedness would. Many derivatives provide exposure to potential gain or loss from a change in the market price of a financial instrument (or a basket or index) or other event or circumstance in a notional amount that greatly exceeds the amount of cash or assets required to establish or maintain the derivative contract. Accordingly, relatively small price movements in the underlying financial instruments or other events or circumstances may result

in immediate and substantial losses. In some cases, exposure under a derivative contract is limited to the amount invested (for example, when we buy a call option). In other cases, the derivative contract may create an open-ended obligation (for example, when we write a call option). Many derivatives, particularly those negotiated over-the-counter, are substantially illiquid or could become illiquid under certain market conditions. As a result, it may be difficult or impossible to determine the fair value of our interest in such contracts. Many derivative contracts involve exposure to the credit risk of the counterparty, because we acquire no direct interest in the underlying financial instrument, but instead depends on the counterparty's ability to perform under the contract. Further, if and when we take economic exposure through a derivative, we generally will not have any voting rights and may not be able to pursue legal remedies that would be available if we invested client assets directly in the underlying financial instrument.

Many derivatives also involve substantial legal risk and uncertainty, because the terms of the contract may be difficult to draft, apply, interpret and enforce, particularly in the context of unforeseen market conditions or events. In many cases, the counterparty has discretion (either pursuant to the express terms of the contract or in practice) to interpret the contract, make required calculations and demand or withhold payments in the manner most favorable to the counterparty and most unfavorable to us and our clients. An adverse interpretation or calculation under one derivative contract could trigger cross-defaults with other contracts and could have a materially adverse effect on liquidity and performance. Any dispute concerning a derivative contract could be expensive and time consuming to resolve, particularly given the potential for complex and novel legal issues and the involvement of multiple legal jurisdictions. Even a favorable resolution could come too late to prevent cross-defaults, trading losses and material liquidity problems.

Foreign Securities. Although we invest in securities issued by entities organized in the United States, we may invest a portion of client assets in securities of companies domiciled or operating in one or more foreign countries. Investing in foreign securities involves considerations and possible risks not typically involved in investing in securities of companies domiciled and operating in the United States, including instability of some foreign governments, the possibility of expropriation, limitations on the use or removal of funds or other assets, foreign currency risk, changes in governmental administration or economic or monetary policy (in the United States or abroad) or changed circumstances in dealings between nations. The application of foreign tax laws (e.g., the imposition of withholding taxes on dividend or interest payments) or confiscatory taxation may also affect investment in foreign securities. Higher expenses may result from investment in foreign securities than would result from investment in domestic securities because of the costs that must be incurred in connection with conversion between various currencies and foreign brokerage commissions that may be higher than in the United States. Foreign securities markets also may be less liquid, more volatile and subject to less governmental supervision than in the United States, including lack of uniform accounting, auditing and financial reporting standards and potential difficulties in enforcing contractual obligations.

Risk Arbitrage Transactions. We also may engage in risk arbitrage transactions where we purchase securities at prices slightly below the anticipated value of the cash, securities or other consideration to be paid or exchanged for such securities in a proposed merger, exchange offer, tender offer or other similar transaction. Such purchase price may be substantially in excess of the market price of the securities prior to the announcement of the merger, exchange offer, tender offer or other similar transaction. If the proposed merger, exchange offer, tender offer or other similar transaction later appears likely not to be consummated or in fact is not consummated or is delayed, the market price of the security purchased by us may decline sharply and result in losses if such securities are sold, transferred or exchanged for securities or cash, the value of which is less than the purchase price. In certain transactions, we may not be "hedged" against market fluctuations. This can result in losses, even if the proposed transaction is consummated. In addition, we may sell short a security to be issued in a merger or exchange offer in the expectation that the short position will be covered by delivery of such security when issued. If the merger or exchange offer is not consummated, we may be forced to cover our short position at a higher price than the short sale price, resulting in a loss.

Commodity Interests. We may invest to a limited extent in commodity interests, the prices of which can be volatile, particularly over short time periods. Investments in individual commodity futures contracts and options on futures contracts historically have had a high degree of price variability and may be subject to rapid and substantial price changes. These price changes may be magnified by computer-driven algorithmic trading, which is becoming much more prevalent in the commodities markets. Our clients could incur significant losses on their investments in commodities interests. Movements in the prices of commodities interests generally are outside of our control, are extremely difficult to predict and may not be anticipated by us. Price movements are influenced by, among other

things: governmental, agricultural, trade, fiscal, monetary and exchange control programs and policies; weather and climate conditions; changing supply and demand relationships; changes in international balances of payments and trade; U.S. and international rates of inflation; currency devaluations and revaluations; U.S. and international political and economic events; changes in interest and foreign currency/exchange rates; market liquidity; and changes in philosophies and emotions of market participants. In making investments, the Investment Manager may utilize highly speculative investment techniques, including high leverage, highly concentrated commodity portfolios and illiquid investments. Such investments may expose client assets to the risks of material financial loss, which may in turn adversely affect their financial results. Certain of our investment techniques may, in certain circumstances, substantially increase the impact of adverse market movements to which clients may be subject. In addition, client investments may be materially affected by conditions in the financial markets and U.S. and worldwide economic conditions.

Currency Exposure. We may invest in financial instruments denominated in currencies other than the U.S. Dollar. We, however, typically will value financial instruments in U.S. Dollars. We may or may not seek to hedge non-U.S. currency exposure by entering into currency hedging transactions. There can be no guarantee that financial instruments suitable for hedging currency or market shifts will be available at the time when we wish to use them, or that hedging techniques employed by us will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all. To the extent unhedged, the value of a client's positions denominated in currencies other than U.S. Dollars will fluctuate with U.S. Dollar exchange rates as well as with the price changes of the investments in the various local markets and currencies.

Currency Trading Risks. A principal risk in trading currencies is the rapid fluctuation in the market prices of currency contracts. Prices of currency contracts are affected generally by relative interest rates, which in turn are influenced by a wide variety of complex and difficult to predict factors such as money supply and demand, balance of payments, inflation levels, trade deficits, budget deficits, national savings rates, fiscal policy, and political and economic events. In addition, governments from time to time intervene, directly and by regulation, in these markets, with the specific effect, or intention, of influencing prices which may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

We may enter into spot and forward currency contracts and options on currencies to trade currencies or to shift exposure to foreign currency fluctuations from one currency to another with respect to a client. Currency transactions made on a spot basis are for cash at the spot rate prevailing in the currency market for buying or selling currency. A forward currency contract, which involves an obligation to purchase or sell a specific currency at a future date at a price set at the time of the contract, reduces a client's exposure with respect to its investment to changes in the value of the currency it will deliver and increases its exposure to changes in the value of the currency it will receive for the duration of the contract.

Currency trading is subject to risks different from those of other transactions. In countries where exchange rate control is of great importance and influences economic planning and policy, purchases and sales of currency and related instruments can be negatively affected by government exchange controls, blockages, and manipulations or exchange restrictions imposed by governments. These government actions can result in losses to a client if we are unable to deliver or receive currency or funds in settlement of obligations. Furthermore, settlement of a currency forward contract for the purchase of most currencies must occur at a bank based in the issuing nation.

Under normal market conditions, transactions involving the U.S. Dollar and emerging market currencies are expected to be executed quickly and with low transaction costs. However, in periods of market stress, the instruments necessary to permit us to execute our investment program may not generally be available or may not, in our judgment, be economically priced.

Exchange Traded Funds ("ETFs"). We may invest in ETFs, which are shares of publicly traded unit investment trusts, open-end funds or depository receipts that seek to track the performance and dividend yield of specific indexes or companies in related industries. These indexes may be either broad-based, sector, or international. However, ETF shareholders are generally subject to the same risk as holders of the underlying financial instruments they are designed to track. ETFs are also subject to certain additional risks, including, without limitation, the risk that their prices may not correlate perfectly with changes in the prices of the underlying financial instruments they are designed to track, and the risk of trading in an ETF halting due to market conditions or other reasons, based on the policies of the exchange upon which the ETF trades. In addition, a client may bear, along with other shareholders of an ETF, its *pro rata* portion of the ETF's expenses, including management fees. Accordingly, in

addition to bearing our expenses and fees, clients and investors may also indirectly bear similar expenses of an ETF.

Cash and other Investments. We may invest all or a portion of a client's assets in cash or cash items for investment purposes, pending other investments or as provision of margin for futures or forward contracts. Generally, these cash items will be of high quality at the time of investment and may include a number of money market instruments such as negotiable or non-negotiable securities issued by or short-term deposits with the U.S. and non-U.S. governments and agencies or instrumentalities thereof, bankers' acceptances, high quality commercial paper, repurchase agreements, bank certificates of deposit, and short-term debt securities of U.S. or non-U.S. issuers deemed to be creditworthy by us. While these investments generally involve relatively low risk levels, they may produce lower than expected returns, and could result in material losses.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE DESCRIPTION OF ALL OF THE RISKS ASSOCIATED WITH OUR INVESTMENT PROGRAM. PROSPECTIVE CLIENTS AND INVESTORS SHOULD READ THIS BROCHURE AND THE APPLICABLE OFFERING MATERIALS OR ACCOUNT DOCUMENTS IN THEIR ENTIRETY BEFORE MAKING ANY INVESTMENT DECISIONS.

Item 9: Disciplinary Information

Not applicable.

Item 10: Other Financial Industry Activities and Affiliations

COMMODITY POOL OPERATOR, COMMODITY TRADING ADVISER, FUTURES COMMISSION MERCHANT REGISTRATION

With respect to each of the Longhorn Funds, neither we nor any of our affiliates are registered or intend to register with the Commodity Futures Trading Commission (“**CFTC**”) as a commodity pool operator (“**CPO**”) or commodity trading advisor pursuant to an exemption from registration set forth in CFTC Rule 4.13(a)(3).

SEED AND PROFIT SHARING ARRANGEMENTS

We and certain of our affiliates and principals recently entered into an amended and restated profit sharing agreement (the “Profit Sharing Agreement”) with various third-parties (collectively, the “Seed Investor”). Pursuant to the Profit Sharing Agreement, among other things, (i) the Seed Investor has made a significant investment in the Longhorn Funds, (ii) the Seed Investor has certain ongoing notification rights concerning the operations of us and the Longhorn Funds, (iii) the Seed Investor generally is entitled to receive a portion of the performance-based fees or allocations, the management fees and/or other compensation that would otherwise be payable or allocable to us and our affiliates with respect to the Longhorn Funds and/or other advisory clients, and (iv) the Seed Investor has access to certain information and documents with respect to the Longhorn Fund and us that may not be made available to other investors. In addition, the Seed Investor is entitled to special reporting by us, additional investment capacity rights, “most favored nations” protection and various other rights.

The Seed Investor currently holds a significant percentage of the interests in the Onshore Fund (and may hold a significant ownership percentage in one or more other pooled investment vehicles managed by us) and has certain significant consent, notification, information and other preferential rights and terms. As a result of the foregoing and other provisions set forth in the Profit Sharing Agreement, the Seed Investor may have the practical ability to exert influence over the Longhorn Funds and us. Nevertheless, the Seed Investor is not responsible for and does not have any authority over the management and/or operation of us or the Longhorn Funds. The Seed Investor will not participate in our management or have any authority over any aspect of the trading, investment or other activities of the Longhorn Funds or any of our other clients.

The Seed Investor is not a sponsor or promoter of the Longhorn Funds, does not owe any fiduciary or other special duties or obligations to the Longhorn Funds or any of the investors and may have interests that conflict with the Longhorn Funds and the investors. The Seed Investor will not be liable to other investors for exercising or not exercising any rights that it may have with respect to the Longhorn Funds.

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

CODE OF ETHICS

We have adopted and implemented a code of ethics, which sets forth standards of business conduct for our employees. Our code of ethics is primarily designed to educate employees about our philosophy regarding ethics and professionalism, emphasize our fiduciary duties to clients, encourage employees to comply with applicable laws, prevent the misuse of material non-public information and the circulation of rumors and other forms of market abuse and address conflicts of interest that arise from personal trading by our employees. Among other things, we impose restrictions on all employees and principals relating to the purchase or sale of securities for their own accounts and the accounts of certain affiliated persons. Our procedures and code of ethics prohibit personal securities trading by principals and employees while in possession of material, non-public information and communication of material, non-public information to any person other than persons entitled to receive such information in connection with the performance of his or her responsibilities for us. Our procedures and code of ethics also prohibit personal securities trading of individual equities and/or options on individual equities. Employees are permitted to invest in the following "Permitted Investments" without prior approval of the Chief Compliance Officer, except for publicly traded exchange-traded funds and options on exchange-traded funds which must be pre-approved: (1) U.S. government securities, (2) bank certificates of deposit, (3) bankers' acceptances, (4) commercial paper, (5) money market investments, (6) mutual funds (except for our mutual fund or other investment company clients), and (7) securities obtained by the employee's spouse as a result of such spouse's employment by the issuer of the securities, (8) futures, commodities, currencies and precious metals (9) harvesting of investment positions that existed in employee's account prior to or at the time of joining the firm, (10) publicly traded exchange-traded funds and options on exchange-traded funds. Employees may maintain investments in legacy brokerage, IRA and 401K accounts. Our code of ethics also provides that "access persons" are subject to additional procedures, including quarterly transaction reports and annual reporting of personal securities holdings, and a supervisory review of securities transactions. These quarterly and annual reports are reviewed on a regular basis by the Chief Compliance Officer. Further, we maintain certain policies and procedures designed to prevent principals and employees from trading the same security, other than those permitted above, ahead of our clients. We will furnish a copy of our code of ethics to clients and investors upon request.

PERSONAL TRADING

Subject to various restrictions set forth in our code of ethics, our employees and principals may purchase for themselves Permitted Investments purchased for, or recommended to, client accounts. Allowing employees and principals to purchase these Permitted Investments may motivate those employees or principals to engage in "scalping," which is the practice of attempting to benefit from the increase in price resulting from recommendations to clients. To prevent this practice, we closely monitor the investments made by our employees and principals and strictly prohibit "scalping."

TRANSACTIONS INVOLVING CONFLICTS OF INTEREST

We may cause our clients to enter into transactions and arrangements involving actual or potential conflicts of interest. We will review any transactions involving material conflicts of interest and take such actions as we deem necessary or appropriate in an attempt to ensure that the terms of such transactions are fair and reasonable under the circumstances (including, without limitation, obtaining client consent with respect to such transactions, if applicable).

Item 12: Brokerage Practices

SELECTING BROKERAGE FIRMS

In general, we have authority to determine the brokers, futures commission merchants and other counterparties to be used for client transactions and negotiate commission rates and other monies paid by clients. We select broker-dealers on the basis of obtaining the best overall terms available (*i.e.*, best price and execution of transactions), which we evaluate based on a variety of factors, including among other things: the ability to achieve prompt and reliable executions at favorable prices; the operational efficiency with which transactions are effected; the financial strength, integrity and stability of the broker; the quality, comprehensiveness and frequency of available research and related services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying our other selection criteria. Research and related services furnished by brokers include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing services; discussions with research personnel; and hardware, software, data bases and other news, technical and telecommunications services and equipment used in the investment management process. We may pay commissions in excess of that which another broker might charge for effecting the same or similar transactions, in recognition of the value of the brokerage and/or research services provided by brokers. Because commission rates in the United States as well as other jurisdictions are negotiable, selecting brokers on the basis of considerations which are not limited to applicable commission rates may at times result in higher transaction costs than would otherwise be obtainable.

BEST EXECUTION

In placing orders for the purchase and sale of securities, we seek best net execution, which includes both commissions and execution prices. Orders are placed with brokers or dealers which we believe to be responsible and provide effective execution of client orders under conditions most favorable to client accounts.

SOFT DOLLAR PRACTICES

We may (directly or indirectly through the use of commission sharing or other similar arrangements) use soft dollars generated by client accounts to pay for certain research and/or related services provided by brokers described above. The term “soft dollars” refers to the receipt by an investment manager of products and services (including research) provided by brokers without any cash payment by the investment manager, based on the volume of revenues generated from brokerage commissions for transactions executed for clients of the investment manager. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties.

Using soft dollars to obtain investment research and/or related services creates a conflict of interest between us and our clients. Soft dollars may be used to acquire products and services that are not exclusively for the benefit of clients which paid the commissions and that may primarily or exclusively benefit us. If we are able to acquire these products and services without expending our own resources (including management fees paid by clients), our use of soft dollars would tend to increase our profitability. Furthermore, we may have an incentive to select or recommend brokers based on our interest in receiving research or other products or services, rather than on our clients’ interest in receiving most favorable execution. We may cause clients to pay commissions (or markups or markdowns) higher than those charged by other brokers in return for soft dollar benefits.

Soft dollar benefits generally are used to service all of our clients. We seek to allocate soft dollar benefits among client accounts in a fair and equitable manner under the circumstances, but there can be no assurance that we will be successful in this regard.

During the last fiscal year, we acquired the following types of products and services (*i.e.*, soft dollar items) with client brokerage commissions (or markups or markdowns):

- analytics and market data;
- economic and technical research and publications;
- fundamental research and publications (including research and consultations from sell-side research analysts);
- consultants and independent research services;
- software to aid in the analysis of securities portfolios;

- pre-trade and post-trade analytics; and
- trading software.

We may participate in soft dollar arrangements of general availability through brokers that provide us with research and related services as described above. We do not, however, negotiate higher rates on fees and expenses to be paid by client accounts in exchange for lower rates on fees and expenses to be paid by us.

Section 28(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), provides a safe harbor to advisers who use soft dollars generated by client accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to us in the performance of investment decision-making responsibilities. We intend that any soft dollars that we receive in connection with client-related matters would be within the limitations set forth in Section 28(e) of the Exchange Act.

To the extent applicable, each of our clients will bear any burdens or costs associated with special limitations (e.g. investment or trading restrictions) associated with that client.

At times, a product or service obtained with client commissions may have a “mixed use,” meaning that a portion of the product or service is relevant to our investment decision-making process (and thus eligible for the Section 28(e) safe harbor) and a portion of it may be used for or otherwise provide an administrative or non-research purpose (and thus ineligible for the Section 28(e) safe harbor). With respect to any such “mixed use” item, we will make a reasonable allocation of the cost of such service based upon an evaluation of the research and non-research uses of the product/service. Only the portion of the mixed-use item that is relevant to the investment decision-making process may be paid for in soft dollars, while those services/products that provide administrative or other non-research assistance are outside of the Section 28(e) safe harbor and will be paid for using our own funds.

BROKERAGE FOR CLIENT REFERRALS

In selecting or recommending brokers, we do not consider whether we or our related persons receive client or investor referrals from such brokers.

DIRECTED BROKERAGE

We do not routinely recommend, request or require that a client direct us to execute transactions through a specified broker-dealer.

ORDER AGGREGATION

In general, we enter and execute separate orders for each client. We may place aggregated orders or block trades for multiple clients when it would be in the clients’ best interests to do so. Prior to placing an aggregated order or block trade, we will produce a written allocation statement or electronic allocation notation for the trade, stating which clients are participating in the trade and how the security or proceeds from a sale will be allocated among the participating clients. Aggregated orders or block trades generally are filled pro rata based on the sharing ratios in the allocation statement, but we may deviate from this policy if (i) all clients receive fair and equitable treatment, (ii) the reason for the different allocation is set forth in writing and (iii) the deviation is approved by the Chief Compliance Officer prior to settlement of the trades. In general, the average share price for aggregated transactions or block trades in a security on a given day is allocated to each client participating in the allocation on such day. For each client who participates in an aggregated order or block trade on the given day, all transaction costs and expenses generally are shared by the participating clients in proportion to their participation in the trade. We maintain records which separately reflect for each client account the orders which are aggregated or blocked, the securities held by, and bought and sold for, that account.

ALLOCATION OF INVESTMENT OPPORTUNITIES

We generally allocate investment opportunities among clients in a manner we believe to be fair and equitable under the circumstances. In general, investment opportunities, if appropriate for a client, are allocated to each client participating up to the lesser of the position size established by the Chief Investment Officer for each client or, to the extent applicable, the client’s stated investment position limit. Exceptions to the policy will be permitted on a specific basis. Examples include, but are not limited to, portfolio rebalancing for a client, certain derivative transactions, client investment guidelines, client exposure parameters, client specific position sizes, and eligibility for initial public offerings.

Profits and losses from “new issues,” as such term is defined in Financial Industry Regulatory Authority (“FINRA”)

Rule 5130, are allocated only to clients and investors who are deemed eligible to participate in such new issues, as contemplated by applicable FINRA Rules.

Item 13: Review of Accounts

PERIODIC REVIEWS

Both we and the administrator for the Longhorn Funds conduct reviews of client accounts on at least a monthly basis (or more frequently in the case of certain material events). We conduct reviews of other client accounts, including separately managed funds or accounts, investment companies and other private investment funds, on at least a monthly basis (or more frequently in the case of certain material events). With respect to accounting matters, we have engaged an independent public accountant to conduct an annual audit of each of the Longhorn Funds.

We invest client assets in securities and other financial instruments. In monitoring the performance of the investments, we perform various levels of review. Among other items, we consider investment performance, investment diversification and risk allocations as part of our regular review.

ADDITIONAL REVIEWS

While we generally conduct reviews of client accounts on at least a monthly basis, we may conduct additional or more frequent reviews in the event of certain material events. In the case of the Longhorn Funds, certain material events would include, but not be limited to, withdrawals or contributions of capital by an investor.

REPORTS TO INVESTORS/CLIENTS

We provide investors in the Onshore Fund with annual audited financial statements, quarterly portfolio reports, monthly reviews, monthly account statements (including capital account estimates) and annual U.S. income tax information. All such statements and reports are written.

We provide our other advisory clients, including separately managed funds or accounts, investment companies and other private investment funds, with information relating to transactions concerning assets of the client, as the client may reasonably request and/or require from time to time and as set forth in the applicable governing documents. All such statements and reports are generally written.

Item 14: Client Referrals and Other Compensation

THIRD PARTY COMPENSATION

Except as disclosed in Item 12 above, we currently do not receive any economic benefit from any person who is not a client for providing investment advice or other advisory services to our clients.

REFERRALS

We have entered into a referral agreement (the “Referral Agreement”) with a third-party solicitor, whereby the solicitor has agreed, on a non-exclusive basis, to solicit for and refer to us prospective qualified investors in the Onshore Fund and other potential clients. The fees paid to the third-party solicitor under the Referral Agreement ranges from zero percent (0%) to twenty percent (20%) of the fees paid to us or our affiliates by such referred investors or clients.

In addition, we may enter into agreements or arrangements in the future with other persons who refer investors or clients to us and/or the Longhorn Funds. For their referral services, such persons may receive compensation from us which may be a percentage of the management fee and/or performance-based fee or allocation paid to us or our affiliates by such investors and clients.

All solicitation arrangements entered into by us will be appropriately disclosed to applicable investors and clients and will be designed to be in substantial compliance with Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), as applicable.

Item 15: Custody

The Longhorn Funds

We have, or may be deemed to have, “custody” of the funds and securities of the Longhorn Funds. In accordance with Rule 206(4)-2 under the Advisers Act, funds and securities of the Longhorn Funds are held with one or more qualified custodians. We may change the custodians at any time and from time to time without the consent of clients or investors. Qualified custodians do not provide account statements directly to investors. We have engaged an independent public accountant to conduct an annual audit of each of the Longhorn Funds. Audited financial statements are provided to each investor in the Longhorn Funds within 120 days after the end of each fiscal year.

The administrators of the Longhorn Funds also prepare the monthly net asset value (“NAV”) of client accounts. The resulting monthly NAVs are the basis of the respective monthly performance records of our client accounts. After our review, the statements are distributed to investors. The monthly performance data is net of all fees and expenses and reflects the performance of the respective investor.

Separately Managed Accounts and Other Clients

We do not have actual or constructive custody of the funds and/or securities of any of our other advisory clients.

Item 16: Investment Discretion

DISCRETIONARY AUTHORITY

We generally have discretionary power and authority over the types of financial instruments to be bought or sold, as well as the amount to be bought or sold on behalf of our clients. We generally have authority to determine the broker-dealer, futures commission merchant or other counterparty to be used for client transactions and the negotiation of commission rates and other consideration to be paid by our clients.

LIMITED POWER OF ATTORNEY

Each investor in the Longhorn Funds generally grants to us or our affiliate a limited power of attorney to enable us to execute the applicable partnership agreement on their behalf.

Other advisory clients, including separately managed funds or accounts, investment companies and other private investment funds, generally will grant us a limited power of attorney to enable us to perform authorized trading with respect to their accounts.

Item 17: Voting Client Securities

VOTING POLICIES

We follow an established policy to vote proxies on behalf of clients in a manner we believe is in each client's best economic interests and without regard to the interests of us or any other client. Clients generally may not direct our vote in a particular solicitation. Our proxy voting policy and information about how we voted the client's securities are available to clients and investors upon request.

CONFLICTS OF INTEREST

Where a material conflict of interest has been identified and the matter is covered by our proxy voting policy, the Chief Investment Officer will vote proxies in accordance with our proxy voting policy.

For clients that are registered investment companies, or would be registered investment companies, but for an exemption, where a material conflict of interest has been identified and the matter is not covered by our proxy voting policy, we will disclose the conflict and the Chief Investment Officer's determination of the manner in which to vote to the investment company's management. The Chief Investment Officer's determination will take into account only the interests of the investment company, and the Chief Investment Officer will document the basis for the decision and furnish the documentation to our management team.

For clients that are unregistered pooled investment vehicles, where a material conflict of interest has been identified and the matter is not covered by our proxy voting policy, we will vote in accordance with the recommendation of an independent third party.

For clients other than funds, where a material conflict of interest has been identified and the matter is not covered by our proxy voting policy, the Chief Investment Officer will disclose the conflict to the client and advise the client that its securities will be voted only upon the client's written direction.

Item 18: Financial Information

Not applicable.

General Information

PRIVACY POLICY

We have adopted policies and procedures reasonably designed to protect various records and information of clients and investors. Except as set forth in the applicable offering materials and as otherwise authorized by each client and/or investor, private information about investors and clients is disclosed only as permitted by applicable law to our affiliates and service providers, including our accountants, attorneys, brokers, custodians, transfer agents and any other parties whose services are necessary or convenient to the services we provide. We deliver initial notification of our privacy policy as part of fund subscription documents, as well as annual privacy notices thereafter, to investors.

TRADE ERRORS

Consistent with our fiduciary duties, our general policy is to use the utmost care in making and implementing investment decisions with respect to client accounts. To the extent that we make an error while placing a trade for a client's account, we generally will strive to act in a manner that is consistent with our fiduciary duty to such client and take such actions necessary to fulfill our fiduciary obligations to such client. Trading errors and order execution errors that are attributable to us generally will be corrected in accordance with the following principles:

- We will use commercially reasonable efforts to ensure that orders are entered correctly; *provided* that, to the extent that a trade error occurs for which we are responsible, it is to be (a) corrected as soon as reasonably practicable; and (b) reported to the Chief Compliance Officer.
- Trades that are simply misallocated to the wrong account ("trade misallocations") and are discovered prior to settlement date generally should be reallocated to the originally intended account at the price of the original trade.
- If an error (other than a trade misallocation) is discovered on the trade date or thereafter, the trade generally should be broken, if possible. If the executing broker cannot break the trade, the Chief Compliance Officer will investigate the matter and determine an appropriate solution.
- After a complete investigation and evaluation of the circumstances surrounding an error, the Chief Compliance Officer has discretion to resolve a particular error in a manner other than specified in these procedures. Any errors resulting from unique circumstances will be resolved on a case-by-case basis.
- If as a result of any trading error for which we are responsible, after taking any remedial action outlined herein, a client is adversely affected thereby, we will be responsible for compensating such client so that the client is in the same position that it would have been had the trade error not occurred (as determined by us in our discretion and to the extent deemed practicable by us).