

Item 1. Cover Page

BROCHURE

Family Endowment Partners, L.P.

("FEP")

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This brochure provides information about the qualifications and business practices of Family Endowment Partners, L.P. If you have any questions about the contents of this brochure, please contact us at 484-654-2600. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Family Endowment Partners, L.P. is also available at the SEC's website at: www.adviserinfo.sec.gov

Family Endowment Partners L.P. is a registered investment adviser with the SEC. Registration does not imply a certain level of skill or training.

March 13, 2015

Item 2. Material Changes

The following Material Changes are being updated from our prior update of Form ADV Part 2A - Brochure September 07, 2014:

- FEP terminated its relationship with V3Limited, LLC as of 12/31/2014. V3 Limited, LLC is no longer a sub-adviser to Legacy Assets or other direct private investments.

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Item 4. Advisory Firm

FEP (the “Adviser”) has been providing investment advisory services since January 1, 2008. FEP registered with the Securities & Exchange Commission in June 2009. The Principal owner of FEP is Lee D. Weiss.

Types of Services Provided

FEP is a registered investment adviser providing investment advisory services to high net worth individuals, investment limited partnerships, pension and profit sharing plans, trusts, estates, charitable organizations, foundations, corporations and business entities. FEP provides certain management, advisory and consulting services related to clients’ direct private investments.

Separately Managed Accounts

FEP provides investment advisory services to its clients. In providing these services, FEP seeks to provide investment advisory services that are consistent with the individual client’s financial and tax status and risk/reward objectives. Typically, FEP will allocate client’s investment management assets, on a discretionary basis among investment managers, sub-advisers, mutual funds, exchange traded funds and pooled investment vehicles in accordance with the investment objectives of the client. FEP provides investment advisory services to the client relative to the on-going monitoring and review of account performance relative to the client’s objectives.

In addition, FEP may render non-discretionary investment advisory services to clients relative to assets that are held outside of a clients bank or brokerage account. In so doing, the client’s assets are included as part of the overall investment advisory services. Such additional assets may include: individual employer-sponsored retirement plans; alternative investments including, but not limited to, hedge funds, private equity and venture capital funds; additional brokerage accounts; bank accounts and other assets. Please see the Investment Advisory Agreement for additional information.

FEP Fund I, LP and FEP Fund II, Ltd.

The Adviser is the investment manager and general partner of FEP Fund I, LP (a Delaware Limited Partnership) and FEP Fund II, Ltd. (a Cayman Islands Exempted Company) which invest through other pooled investment vehicles, other investment managers (commonly referred to as a fund of funds) as well as direct private investments. FEP Fund I, LP and FEP Fund II, Ltd. invest in a number of funds, accounts and direct private investments managed and/or sponsored by affiliated and non-affiliated managers. Either fund may invest a significant portion of its assets in direct private investments, like FEP Fund I currently does. Clients may be solicited to invest in these funds. Please see the FEP Fund I, LP and FEP Fund II, Ltd. offering materials for additional information.

As of December 31, 2014, Family Endowment Partners LP has \$334,598,680 of assets under management on a discretionary basis.

Prior to engaging FEP to provide investment advisory services, the client will enter into one or more written agreements with the FEP setting forth the terms and conditions under which FEP shall render its services. Clients have an initial interview to review their tax status, financial situation and investment objectives. This process provides the client an opportunity to impose reasonable restrictions on the management of their relationship with FEP. It is the client's responsibility to notify FEP at any time there are changes to their financial situation, liquidity needs, or investment objectives. Clients are encouraged to call at any time during normal business hours to discuss any questions or concerns. Clients will receive quarterly statements (or trade confirmations at the clients request) of account activity from the custodian firm. The client retains rights of ownership of all securities and funds in their account. FEP will, from time to time, provide reports of portfolio holdings, market value of assets performance and advisory fees to clients.

FEP may provide its clients with a broad range of comprehensive advisory services (which may include non-investment related matters). There may be a separate fee charged for these services.

Item 5. Fees and Compensation

FEP charges fees based on a percentage of client's assets under management. The fees are charged in advance or arrears based upon the market value of the assets on the last day of the previous period. In some cases, FEP may charge a fixed fee for investment advisory services. In most instances, fees are deducted from client accounts. FEP does not have access to the bank accounts and another party is responsible for compensating FEP. If a client prefers, they can be billed directly and remit a check or wire to pay for FEP investment advisory services.

When providing management and advisory/consulting services to clients, FEP will typically charge a fee based upon the time and billing rate for a particular engagement.

Separately Managed Accounts

Fees for Separately Managed Account services are established according to each client's Investment Advisory Agreement. The typical fee charged is 1.00% of assets under management. In certain circumstances, a fee less than this amount may be charged. Fees are charged either quarterly in advance, or monthly in arrears, depending on the terms of the client agreement. If a client prefers, they can be billed for the Firm's investment advisory services, but are also able to allow the fees to be deducted based on the Investment Advisory Agreement.

Certain direct private investments will be billed with a “hold back”, meaning a portion of fees owed to FEP will be accrued but not billed to account for potential valuation variances. If there is a “hold back” on certain fees owed to FEP, FEP will send a “true up” bill on an annual basis, at which time the Client will be responsible for paying the outstanding accrued fee previously owed under the “hold back” but which had not been billed.

FEP provides advisory services to clients who may allocate a portion, or none, of their assets to the FEP Fund I, LP, the FEP Fund II, Ltd, funds that are owned by other related entities (“Mosaic Funds”), or the Legacy Funds (collectively the “Funds”). There is no requirement for a FEP client to invest in the Funds. However, if a client maintains separately managed accounts and invests in one or more of the Funds, they are charged a fee at the respective Fund level based on each particular Fund’s documents. The client is also charged a second separate fee on those Fund assets inside the Separately Managed Account(s), which means the client will pay the Fund fee plus the Separately Managed Account fee on that Fund holding.

FEP Fund I, LP and FEP Fund II, Ltd.

The annual fee for FEP’s management of these funds is pro-rated and charged quarterly, in advance, based upon the value of the assets on the last day of the previous quarter. The annual fee varies between 0.65% and 1.0% depending on the specific terms of the funds. In some cases FEP may be entitled to performance fees (i.e. carried interest) related to these funds. The terms are outlined in the respective funds offering documents and are available upon request.

Sub-Advisers

In addition to the fees charged by FEP, a fee will be charged by the investment managers or sub-advisers as well if one is used. Please see the Investment Management Agreement for specific fees that each sub-adviser charges for their services. These fees are in addition to other fees charged by FEP.

Other Charges

Other charges may include mutual fund expenses, custodial fees and brokerage fees charged on individual purchase and sale transactions. Clients may be able to purchase certain investments that FEP recommends through other custodians, advisers or brokers.

Termination of Relationship

Clients may terminate their relationship with FEP at any time by mutual consent or by giving at least thirty (30) day’s notice. FEP reserves its right to also terminate the relationship by the same means. Clients who terminate their relationship with FEP are reimbursed a pro-rata portion of their advisory fees as described in our client agreement. Upon termination of the relationship, FEP will not have any continuing obligation to take any action on the client’s behalf except as required by regulatory rules and regulations.

Additional Compensation Disclosures

Lee Weiss is the Managing Partner for FEP, but he also has management responsibilities in the following entities for which clients of FEP may be solicited. Lee Weiss may receive commissions, management fees, incentive fees or other compensation as part of his compensation agreements with these entities. We are aware that this may present an inherent conflict of interest; however, we have policies in place to ensure that this does not occur. All the funds noted in the rest of this section fall under the umbrella of Mosaic Funds as previously noted.

Lee Weiss is the Chairman of StillPoint Capital, LLC (“StillPoint”) and is also a registered representative. StillPoint, is a Florida based broker/dealer registered with the Financial Industry Regulatory Authority and is a member of the Securities Investor Protection Corporation. StillPoint provides domestic and international investment banking (private placement, merger & acquisition advisory services), corporate advisory consulting services and a specialized registered representative securities licensing program for registered representatives.

MIP Global, Inc. (US), for which Lee D. Weiss is the CEO, is the managing member of Global Domain Partners, LLC, the investment manager and managing member to the Global Domain Vector Fund, LLC, a Delaware Limited Liability Company, whose investment objective is to achieve capital appreciation consistent with principles designed to limit investor risk by investing primarily in a diversified portfolio of futures and forwards contracts in multiple markets, including foreign currencies, U.S. and non-U.S. equity indices, precious metals and energy contracts.

MIP Global, Inc. (US), for which Lee D. Weiss is the CEO, is the managing member of Chessica Asset Management, LLC, which serves as General Partner to Mosaic Premium Equity Fund, LP. It also serves as the General Partner to the Mosaic Premium Fund, both of which are discussed further under Mosaic Investment Partners, Inc.

Westgate Distribution, LLC, a Delaware corporation. Westgate is a product distribution company.

MIP Global, Inc. (US), for which Lee D. Weiss is the CEO, is the managing member of Mosaic OTM, LLC, a Delaware based Limited Liability Company which holds interests in Out There Media Holding GmbH (“OTM”), a Vienna, Austria based company that provides technology and advertising to mobile carriers.

MIP Global, Inc. (US), for which Lee D. Weiss is the CEO, is the general partner of Mosaic Ensemble Hospitality Fund, LP; a Delaware limited partnership that operates as a private investment partnership. The partnership was formed for the purposes of acquiring, developing, refurbishing, managing and ultimately selling real properties, specifically hotels.

Lee D. Weiss is the CEO of Mosaic Enterprises, Inc. (“Mosaic”), a Puerto Rico based company that provides financial consulting and back office support services. Mosaic has control interests in the following:

Mosaic Investment Partners, Inc., for which Lee D. Weiss is the CEO has interests in the following Funds.

1. Investment Manager for the Alliance Partners Fund, Ltd. is a fund whose investment objective is to generate long-term capital appreciation and current income by opportunistically acquiring a diversified portfolio of investments in privately held and publicly traded early stage, small and middle market companies located in the United States and elsewhere in the world.
2. Investment Manager for the Mosaic Premium Fund, Ltd. is a Cayman Isles Exempted Company hedge fund whose investment strategy is to use an index options premium selling strategy based on a proprietary global market momentum model.
3. Investment Manager for the Mosaic Premium Equity Fund, LP, whose fund objective is to seek to achieve superior long-term based appreciation with the use of alternative strategies and financial investment assets.
4. Investment Manager for the I-DEA Investment Fund, Ltd, is a fund whose investment objective is to generate long-term capital appreciation through the exit strategies executed by seventeen diverse companies with a focus on social/digital media, internet, and life sciences, within an anticipated 3-7 year window.
5. Investment Manager for the Mosaic OTM, LLC, a Delaware based Limited Liability Company which holds interests in Out There Media Holding GmbH (“OTM”), a Vienna, Austria based company that provides technology and advertising to mobile carriers.
6. Fifty percent Equity Owner in Catamaran Management Company, Inc. (“Catamaran”), the investment manager to Catamaran Holding Fund, Ltd., an open-ended investment fund incorporated in the Cayman Islands, whose investment objective is to generate consistent, long-term capital growth, primarily by investing, directly or indirectly, in liquid securities such as exchange-traded funds, dollar and non-dollar high grade fixed income investments negotiated in various capital markets.

MIP Global, Inc. (“MIPG”), a Puerto Rico based company that is a FINRA registered broker/dealer. MIPG is approved to engage in the following business areas: municipal bonds, corporate bonds, government securities, mutual funds, equities (listed and OTC), options, investment banking and private placements. Lee Weiss is the CEO and a registered representative.

MIP Global Bahamas, Ltd. (“MIPGB”), a Bahamian based company that is registered with the Securities Commission in The Bahamas. MIPGB is approved to engage in managing and advising on securities. Lee Weiss serves as the Chairman of this company.

MIP Global Cayman, Ltd. (“MIPGC”), a Cayman Island exempted company under the Securities Investment Business Law. MIPC is approved to conduct securities business

within its exemption for all securities products. Lee Weiss serves as the Chairman of this company.

The Mosaic Funds and any other MIPG owned/sponsored operations noted above may present a conflict of interest for FEPs clients. FEP seeks to disclose these potential conflicts of interest to its clients in a timely and easily understandable manner.

Additional Conflict of Interest Disclosures

Additionally, FEP occasionally recommends DIVA, a hedged dividend income ETF managed by QuantShares, for some of its clients, as appropriate. An entity for which Lee D. Weiss has management responsibilities, MIP Global, Inc. (US), has a debt interest in QuantShares.

Item 6. Performance Based Fees

FEP does not currently engage in performance based fee arrangements related to its investment advisory services to its clients. In some cases, FEP may engage in performance based fee arrangements related to the private investments outlined in Section 4 of this Brochure and Mr. Lee D. Weiss may receive performance based fees related to those funds/investments outlined in Item 5.

Item 7. Types of Clients

FEP provides investment advisory services to high net worth individuals; investment limited partnerships, pension and profit sharing plans, other ERISA accounts, trusts, estates, charitable organizations, foundations, corporations and business entities.

The minimum account size is typically \$5,000,000, however exceptions can be made.

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

FEP takes a quantitative and qualitative approach in analyzing potential investments, both public and private, for its clients. With respect to public offerings, FEP routinely compares applicable ratios between similar mutual funds to ensure the mutual funds FEP uses in their portfolios are competitive within the market. FEP also reviews the companies themselves, their portfolio managers, and their securities selection process. With private investments, FEP takes a similar approach, where applicable. Because FEP is not the investment manager for the Affiliated Funds, FEP uses the same methods of analysis in determining whether any of the Affiliated Funds should be recommended to its clients. It also reviews a company's financials and track record of success with prior private offerings. This process is overseen by FEP's Investment Committee.

FEP looks to preserve capital while maintaining an appropriate client risk/return profile. We seek to model portfolios for our clients that meet each client's investment and liquidity needs. Our goal, over a business cycle, is to have reduced volatility and positive returns. We attempt to invest across the following investment types: US Equity, International Developed, International Emerging, Hedge Strategies Equities, Hedged Strategies Credit, Absolute Return, Fixed Income, Real Estate, Natural Resources and Cash. We customize each client's allocation taking into account their varying needs of liquidity, tax efficiencies, risk appetite and return expectations.

These diverse investments seek to reduce risk and to help achieve each client's investment objectives. A long-term investment horizon is typically recommended balanced with liquidity needs. Our investment process is to:

- Create a global allocation based upon investment opportunities and risks from around the world;
- Modify this allocation to create an individualized asset allocation that reflects a client's personal situation and unique mix of risk, return and liquidity objectives;
- Analyze individual investment manager performance, risk and portfolio construction to determine how each one meets the dynamics of the planned allocation and to ensure adequate diversification;
- Place assets in traditional or alternative investments to best fulfill the goals of the model allocation incorporating each client's financial objectives.

Our planning process considers factors that balance current income needs with asset preservation and growth objectives, risk vs. return profile, taxes and liquidity objectives, among other items.

FEP and its affiliated entities under common ownership of Lee Weiss (see Section 5), provides products and services to complement the above long-term investment horizon. FEP does cross-sell its affiliated entities products and service, but not client is required to use an affiliated entities products and services.

There is a risk of loss for all investments. FEP does not guarantee a client's objectives will be met. The risk of loss in private offerings such private debt or hedge funds and private equity funds, such as the Mosaic Funds, can be potentially greater than public offerings. The risks associated with these types of private investments FEP uses in their portfolios are as follows. Not all of these risks are applicable to every type of private debt or private fund. However, FEP believes these are the relevant general risks of these product types.

Market and Investment Risks

Investment and Trading Risks. An investment in private notes and funds involves a high degree of risk, including the risk that the entire amount invested may be lost. No guarantee or representation is made that private notes and funds will be successful.

Nature of Investments. The private notes and funds may be investing substantially all of its assets in securities or companies, some of which may be particularly sensitive to economic, market, industry, interest rate movements and other variable conditions. No assurance can be given as to when or whether adverse events might occur which could cause significant and immediate losses.

Risks Associated with Proprietary Quantitative Methodologies. An investment process for private funds can be based in part on proprietary quantitative methodologies. There is no assurance that the factors generated by such quantitative methodologies will result in or behave in a manner predicted by such methods. Additionally, because the methodology is proprietary, an investor will not be able to determine the full detail of the investment process or whether the process is being followed.

System Failures. In implementing a private fund's investment strategy, the fund's manager may rely heavily on its computerized trading and communications capabilities. A failure in the computer operating systems or electronic systems upon which implementation of its investment decisions depends, could have a material adverse effect.

Concentration and Limited Diversification. There are no specific limits on the private fund manager's investment discretion. At any given time, it is possible that a fund may make investments that are concentrated in a particular type of security, industry, geographic location or market capitalization. As a consequence, the aggregate return on an investment may be adversely affected by the unfavorable performance of even a single portfolio investment. This limited diversity could expose a fund to significantly greater volatility than in a more diversified portfolio.

Private Funds Trading in Exchange Traded Funds. Exchange traded funds ("ETFs") represent shares of ownership in either funds or unit investment trusts that hold portfolios of common stocks or bonds, which are designed to generally correspond to the price and yield performance of their underlying indexes, either broad stock market, stock industry sector, international stock, or U.S. bond. ETF shareholders are subject to risks similar to those of holders of other diversified portfolios. A primary consideration is that the general level of stock or bond prices may decline, thus affecting the value of an equity or fixed income exchange traded fund, respectively. This is because an equity (or bond) ETF represents an interest in a portfolio of stocks (or bonds). When interest rates rise, bond prices will generally decline, adversely affecting the value of fixed income ETFs. Moreover, the overall depth and liquidity of the secondary market may also fluctuate. An exchange traded sector fund may also be adversely affected by the performance of that specific sector or group of industries on which it is based. International investments may involve risk of capital loss from unfavorable fluctuations in currency values, differences in generally accepted accounting principles, or economic or political instability in other nations. Although ETFs are designed to provide investment results that generally correspond to the price and yield performance of their respective underlying indexes, ETFs may not be able to exactly replicate the performance of the indexes because of their expenses and other factors.

Private Funds Trading in Equity Securities. Funds may invest in equity securities (including derivatives on equity securities, such as options), the cost of value of which vary with an issuer's performance and movements in the broad equity markets, which can be influenced by numerous economic factors as well as market sentiment and political and other factors. As a result, a fund may suffer losses if the fund's manager invests in equity securities of issuers whose performance diverges from the fund manager's expectations of if equity markets generally move in a single direction and the fund manager has not hedged against such a general move.

Private Funds Trading in Investments in Fixed-Income Securities. A fund may invest a portion of its capital in bonds or other fixed income securities, including, without limitation, bonds, notes and debentures issued by corporations, debt securities issued or guaranteed by the U.S. government or one of its agencies or instrumentalities, commercial paper, and "higher yielding" (and, therefore, higher risk) debt securities of the former categories. These securities may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (*i.e.*, credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (*i.e.*, market risk). A major economic recession could severely disrupt the market for such securities and may have an adverse impact on the value of such securities. In addition, any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

Private Funds with Short Sales. A fund's manager may engage in short sales as part of hedging transactions or when it believes securities are overvalued. Short sales are sales of securities the fund borrows but does not actually own, usually made with the anticipation that the prices of the securities will decrease and the fund will be able to make a profit by purchasing the securities at a later date at the lower prices. A fund may incur a potentially unlimited loss on a short sale if the price of the security increases prior to the time it purchases the security to replace the borrowed security. A short sale presents greater risk than purchasing a security outright since there is no ceiling on the possible cost of replacing the borrowed security, whereas the risk of loss on a "long" position is limited to the purchase price of the security. Closing out a short position may cause the security to rise further in value creating a greater loss.

Short sale transactions have been subject to increased regulatory scrutiny in response to recent market events, including the imposition of restrictions on short selling certain securities and reporting requirements. A fund's ability to execute a short selling strategy may be materially adversely impacted by temporary and/or new permanent rules, interpretations, prohibitions, and restrictions adopted in response to these adverse market events. Temporary restrictions and/or prohibitions on short selling activity may be imposed by regulatory authorities with little or no advance notice and may impact prior trading activities of a fund. Additionally, the SEC, its foreign counterparts, other governmental authorities and/or self-regulatory organizations may at any time

promulgate permanent rules or interpretations consistent with such temporary restrictions or that impose additional or different permanent or temporary limitations or prohibitions. The SEC might impose different limitations and/or prohibitions on short selling from those imposed by various non-U.S. regulatory authorities. These different regulations, rules or interpretations might have different effective periods.

Regulatory authorities may impose restrictions that adversely affect a fund's ability to borrow certain securities in connection with short sale transactions. In addition, traditional lenders of securities might be less likely to lend securities under certain market conditions. As a result, the fund may not be able to effectively pursue a short selling strategy due to a limited supply of securities available for borrowing. A fund may also incur additional costs in connection with short sale transactions, including in the event that it is required to enter into a borrowing arrangement in advance of any short sales. Moreover, the ability to continue to borrow a security is not guaranteed and a fund is subject to strict delivery requirements. The inability of a fund to deliver securities within the required time frame may subject the fund to mandatory close out by the executing broker-dealer. A mandatory close out may subject a fund to unintended costs and losses. Certain action or inaction by third-parties, such as executing broker-dealers or clearing broker-dealers, may materially impact a fund's ability to effect short sale transactions. Such action or inaction may include a failure to deliver securities in a timely manner in connection with a short sale effected by a third-party unrelated to a fund.

Private Funds Purchasing Securities of Initial Public Offering. From time to time a fund may purchase securities that are part of initial public offerings ("new issues"). The prices of these securities may be very volatile. The issuers of these securities may be undercapitalized, have a limited operating history, and lack revenues or operating income without any prospects of achieving them in the near future. Some of these issuers may only make available a limited number of shares for trading and therefore it may be difficult for a fund to trade these securities without unfavorably impacting their prices. In addition, investors may lack extensive knowledge of the issuers of these securities.

Private Funds with Illiquid Securities. A fund may invest in securities and other assets, which are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, for such investments tend to be volatile and may not be readily ascertainable, and a fund may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. Further, if there are other market participants seeking to dispose of similar investments at the same time, a fund may be unable to sell such investments or prevent losses relating to such investments. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. A fund may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Because illiquid investments may not likely generate near term realized gains or income, a fund will be

restricted from using such assets for reinvestment or payment of expenses. Under certain market conditions, such as during volatile markets or when trading in a security or market is otherwise impaired, the liquidity of a fund's portfolio positions may be reduced. During such times, a fund may not be able to dispose of certain assets, which would adversely affect a fund's ability to rebalance its portfolio or to meet redemption requests. Furthermore, if a fund incurs substantial trading losses, the need for liquidity could rise sharply while its access to liquidity could be impaired.

Private Funds with Convertible Securities

Convertible securities are bonds, debentures, notes, preferred stocks or other securities that may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. A convertible security entitles its holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities have unique investment characteristics in that they generally (i) have higher yields than common stocks but lower yields than comparable non-convertible securities, (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases.

A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by a fund or in the case of a fund of funds, its underlying funds is called for redemption, a fund will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on a fund's or its underlying portfolio's ability to achieve its investment objective.

Private Funds with Investments in High Yield and Distressed Securities

A fund and may invest in "below investment grade" securities and obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. These securities are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Such securities are generally not exchange-traded and, as a result, these instruments trade in the over-the-counter marketplace, which is less transparent than the exchange-traded marketplace. In addition, it frequently may be difficult to obtain information as to the true condition of certain troubled entities in which a fund may invest. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate or disenfranchise particular claims.

Interest Rate Risks. A fund may have substantial exposure to interest rate risks, meaning that changes in prevailing interest rates could negatively affect the value of a fund's investments. A fund's interest-bearing assets may be more sensitive to changes in market interest rates than a fund's interest-earning liabilities, or vice versa. Factors that may affect market interest rates include inflation, slow or stagnant economic growth or recession, unemployment, money supply and the monetary policies of the Federal Reserve Board, international disorders and instability in domestic and foreign financial markets. A fund may periodically experience imbalances in the interest rate sensitivities of its assets and liabilities and the relationships of various interest rates to each other. In a changing interest rate environment, a fund may not be able to manage this risk effectively. If a fund is unable to manage interest rate risk effectively, a fund's performance could be adversely affected.

Private Funds with Foreign Securities. A fund may invest in securities of non-U.S. issuers. A fund's investments in securities and instruments in foreign markets involve substantial risks not typically associated with investments in U.S. securities. Foreign securities investments may be affected by changes in currency rates or exchange control regulations, changes in governmental administration or economic or monetary policy (in the United States and abroad) or changed circumstances in dealings between nations. Changes in foreign currency exchange rates relative to the U.S. dollar will affect the U.S. dollar value of a fund's assets denominated in that currency and thereby impact a fund's total return on such assets. A fund may utilize options and forward contracts to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be effective.

Investments in foreign securities will also occasion risks relating to political and economic developments abroad, including the possibility of expropriations or confiscatory taxation, limitations on the use or transfer of Fund assets and any effects of foreign social, economic or political instability. Foreign companies are not subject to the regulatory requirements of U.S. companies and, as such, there may be less publicly available information about such companies. Moreover, foreign companies are not subject to uniform accounting, auditing and financial reporting standards and requirements comparable to those applicable to U.S. companies. Finally, in the event of a default of any foreign debt obligations, it may be more difficult for a fund to obtain or enforce a judgment against the issuers of such securities.

Securities of foreign issuers may be less liquid than comparable securities of U.S. issuers and, as such, their price changes may be more volatile. Furthermore, foreign exchanges and broker-dealers are generally subject to less government and exchange scrutiny and regulation than their American counterparts. Brokerage commissions, dealer concessions and other transaction costs may be higher in foreign markets than in the U.S. In addition, differences in clearance and settlement procedures in foreign markets may occasion delays in settlements of a fund's trades affected in such markets.

Currency Risks. A fund's investments that are denominated in a foreign currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. A fund's manager may try to hedge these risks by investing directly in foreign currencies, buying and selling forward foreign currency exchange contracts and buying and selling options on foreign currencies, but there can be no assurance such strategies will be effective.

To the extent unhedged, the value of a fund's positions in non-U.S. investments will fluctuate with U.S. dollar exchange rates as well as the price changes of the investments in the various and local markets and currencies. In such cases, an increase in the value of the U.S. dollar compared to the other currencies in which a fund makes its investments will reduce the effect of any increases and magnify the effect of any decreases in the prices of a fund's securities in their local markets and may result in a loss to a fund. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on a fund's non-U.S. dollar investments. Furthermore, a fund may incur costs in connection with conversions between various currencies.

Other Potential Investment Risks

Derivative Investments. Derivative instruments or "*derivatives*" include futures, options, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are leveraged, and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement may expose a fund to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts. 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.

Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "*daily price fluctuation limits*" or "*daily limits*." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily

limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the fund's manager from promptly liquidating unfavorable positions and subject a fund to substantial losses.

Future Derivative Instruments. A fund may take advantage of opportunities with respect to derivative instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with a fund's investment objectives and legally permissible. Special risks may apply to instruments that are invested in by a fund in the future that cannot be determined until such instruments are developed or a fund determines to make such an investment.

Swap Transactions. A fund may enter into swap agreements with respect to securities, indexes of securities and other assets or other measures of risk or return. Swap agreements are typically two-party contracts entered into primarily by institutional investors for periods ranging from a few weeks to many years. In a standard "swap" transaction, two parties agree to exchange the returns (or the differential in rates of return) earned or realized on particular predetermined investments, instruments, or indices. The gross returns to be exchanged or "swapped" between the parties are generally calculated with respect to a "notional amount". Whether a fund's use of swap agreements will be successful will depend on the fund's manager's ability to select appropriate transactions for a fund. Swap transactions may be highly illiquid. Moreover, a fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. Many swap markets are relatively new and still developing. It is possible that developments in the swap markets, including potential government regulation, could adversely affect a fund's ability to terminate existing swap transactions or to realize amounts to be received under such transactions. Swaps and certain 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.

Total return swaps are another form of swap transaction that a fund may utilize in its investment program. A total return swap allows the total return receiver to receive the change in market value of an asset (whether a security, interest rate, form of debt, currency or other asset) from the total return payer in return for paying a floating or fixed interest-rate on a predetermined amount. The total return payer is synthetically short and the total return receiver is synthetically long. Thus, total return swap agreements may effectively add leverage to a fund's portfolio because, in addition, to its total net assets, a fund would be subject to investment exposure on the notional amount of the swap agreement.

Contracts for Differences. A fund may enter into contracts for differences. In these transactions, a fund and another party assume price positions in reference to an underlying security or other financial instrument. The "difference" is determined by comparing each party's original position with the market price of such securities or financial instruments at a pre-determined closing date. Each party will then either receive or pay the difference, depending on the success of its instrument. Financial markets for the securities or instruments which form the subject of a contract for differences can

fluctuate significantly. Parties to a contract for differences assume the risk that the markets for the underlying securities will move in a direction unfavorable to their original positions. In addition, these contracts often involve considerable economic leverage. As a result, such contracts can lead to disproportionately large losses as well as gains and relatively small market movements can have large impacts on the value of the investment.

Money Market Instruments. A fund's manager may invest, for defensive purposes or otherwise, all or a portion of a fund's assets in high quality fixed-income securities, money-market instruments, and foreign money-market mutual funds, or hold cash or cash equivalents in such amounts as the fund's manager deems appropriate under the circumstances. Money market instruments are high quality, short-term fixed-income obligations, which generally have remaining maturities of one year or less, and may include U.S. government securities, commercial paper, certificates of deposit and bankers' acceptances issued by domestic branches of United States banks that are members of the Federal Deposit Insurance Corporation, and repurchase agreements. However, there can be no assurances that such investments will not be subject to significant risks.

Loans of Portfolio Securities. A fund may lend its portfolio securities on terms customary in the securities industry, enter into reverse repurchase agreements or enter into other transactions constituting a loan of a fund's assets. By doing so, a fund attempts to increase its income through the receipt of interest on the loan. In the event of the bankruptcy of the other party to a securities loan, a fund could experience delays in recovering the securities it lent. To the extent that the value of the securities a fund lent has increased, a fund could experience a loss if such securities are not recovered.

High Portfolio Turnover. A fund may seek long term capital appreciation at times as well as sell securities and other investments when deemed appropriate by the fund's manager, without regard to how long they have been held. As a result, a fund's portfolio turnover rate may be high. A high portfolio turnover means that a fund will incur higher brokerage commissions, which will reduce a fund's investment returns, and may result in short-term gains that will be taxable to investors.

Use of Leverage. A fund may retain the flexibility to leverage a fund's portfolio in order to increase the amount of capital available for investments. Although leverage increases returns to the shareholders if a fund earns a greater return on the incremental investments purchased with borrowed funds than it pays for such funds, the use of leverage decreases returns to the shareholders if a fund fails to earn as much on such incremental investments as it pays for such funds. In the event that a fund leverages its portfolio, fluctuations in the market value of a fund's portfolio will have a significant effect in relation to a fund's capital and the risk of loss and the possibility of gain will each be increased. In addition, when a fund utilizes leverage, the level of interest rates generally, and the rates at which a Fund can borrow in particular, will be an expense of a fund and therefore affect the operating results of a fund. Leverage increases the risk of substantial

losses (including the risk of a total loss of capital), and leverage can significantly magnify the volatility of a fund's portfolio.

American Depositary Securities & Receipts. In certain instances, rather than directly holding securities of non-U.S. companies, a fund may hold these securities through an American Depositary Receipt (an "ADR"). An ADR is issued by a U.S. bank or trust company to evidence its ownership of securities of a non-U.S. company. The currency of an ADR may be U.S. dollars rather than the currency of the non-U.S. company to which it relates. The value of an ADR will not be equal to the value of the underlying non-U.S. securities to which the ADR relates as a result of a number of factors. These factors include the fees and expenses associated with holding an ADR, the currency exchange relating to the conversion of foreign dividends and other foreign cash distributions into U.S. dollars, and tax considerations such as withholding tax and different tax rates between the jurisdictions. In addition, the rights of a fund, as a holder of an ADR, may be different than the rights of holders of the underlying securities to which the ADR relates, and the market for an ADR may be less liquid than that of the underlying securities. The foreign exchange risk will also affect the value of the ADR and, as a consequence, the performance of the investor holding the ADR.

Hedging. A fund may utilize certain financial instruments for both investment and risk management purposes. These instruments could include writing or buying options and other derivatives, as well as shorting securities, funds, indices, or swaps, and combining long and short positions in securities and instruments to reduce overall risk. The success of a fund's hedging strategy will depend on a fund's ability to predict the future correlation, if any, between the performance of the instruments utilized for hedging purposes and the performance of the investments being hedged. The change in the correlation may also result in the hedge increasing the overall risk of the portfolio. There is also a risk that such correlation will change over time rendering the hedge ineffective. Since the characteristics of many securities change as markets change or time passes, the success of a fund's hedging strategy may also be subject to the fund manager's ability to correctly readjust and execute hedges in an efficient and timely manner. In addition, the lack of futures and derivatives markets or high transaction costs in certain foreign markets may reduce or eliminate a fund's ability to hedge certain exposures. Even when the underlying values may have the predicted correlation, pricing imperfections may become worse and thus the hedge could increase risk over the time period until the underlying values are realized. A fund may invest in derivative securities or other securities when a fund's manager perceives, in its sole discretion, that it is necessary to do so in order to hedge an unusually high exposure of an underlying security which a fund's manager is not able to reduce through a liquidation or for other risk management or investment purposes.

Forward Trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements, and speculative position limits are not applicable. For example, there are no

requirements with respect to record-keeping, financial responsibility or segregation of customer funds or positions. Given the lack of standardization in these contracts, there is very little scope for a secondary market in forwards. In contrast to exchange-traded futures contracts, interbank traded instruments rely on the dealer or contracting counterparty to fulfill its contract. As a result, trading in interbank foreign exchange contracts may be subject to more risks than futures or options trading on regulated exchanges, including, but not limited to, the risk of default due to the failure of a counterparty with which a fund has forward contracts. Although a fund's manager seeks to trade with responsible counterparties, failure by a counterparty to fulfill its contractual obligation could expose a fund to unanticipated losses. The price is specified in a cash forward contract for a specific asset, and the forward price makes the forward contract have no value when the contract is written. However, if the value of the underlying asset changes, the value of the forward contract becomes positive or negative, depending on the position held. Forwards are priced in a manner similar to futures. Like in the case of a futures contract, the first step in pricing a forward is to add the spot price to the cost of carry (interest forgone, convenience yield, storage costs and interest/dividend received on the underlying). Unlike a futures contract though, the forward price may also include a premium for counterparty credit risk, and the fact that there is not daily marking to market process to minimize default risk. The principals who 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 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 currency market traded by a fund due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward trading to less than that which a fund's manager would otherwise recommend, to the possible detriment of a fund. Market illiquidity or disruption could result in significant losses to a fund.

Repurchase and Reverse Repurchase Agreements. A fund may enter into repurchase and reverse repurchase agreements. When a fund enters into a repurchase agreement, “sells” securities to a broker-dealer or financial institution, and agrees to repurchase such securities on a mutually agreed date for the price paid by the broker-dealer or financial institution, plus interest at a negotiated rate. In a reverse repurchase transaction, a fund “buys” securities issued from a broker-dealer or financial institution, subject to the obligation of the broker-dealer or financial institution to repurchase such securities at the price paid by a fund, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements by a fund involves certain risks. For example, if the seller of securities to a fund under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, a fund will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, a fund's ability to dispose of the underlying securities may be restricted. It is possible, in a bankruptcy or liquidation scenario, that a fund may not be able to substantiate its interest in the underlying securities. Finally, if a seller defaults on

its obligation to repurchase securities under a reverse repurchase agreement, a fund may suffer a loss to the extent that it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller. Similar elements of risk arise in the event of the bankruptcy or insolvency of the buyer.

Other Market Risks

Market Disruptions; Governmental Intervention; Dodd-Frank Wall Street Reform and Consumer Protection Act. The global financial markets have in the past few years gone through pervasive and fundamental disruptions that have led to extensive governmental intervention. Such intervention was in certain cases implemented on an “emergency” basis, suddenly and substantially eliminating market participants’ ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, certain of these interventions have been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of the markets as well as previously successful investment strategies.

Because many provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) require rulemaking by the applicable regulators before becoming fully effective and the Dodd-Frank Act mandates multiple agency reports and studies (which could result in additional legislative or regulatory action), it is difficult to predict the impact of the Dodd-Frank Act on a fund, the fund’s manager and the markets in which they trade and invest. The Dodd-Frank Act could result in certain investment strategies in which a fund engages or may have otherwise engaged becoming non-viable or non-economic to implement. The Dodd-Frank Act and regulations adopted pursuant to the Dodd-Frank Act could have a material adverse impact on the profit potential of the Company.

A fund may incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to a fund from its banks, dealers and other counterparties will typically be reduced in disrupted markets. Such a reduction may result in substantial losses to a fund. Market disruptions may from time to time cause dramatic losses for a fund, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

General Economic and Market Conditions. The success of a fund’s activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of a fund’s investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect, among other things, the level and

volatility of securities' prices, the liquidity of a fund's investments and the availability of certain securities and investments. Volatility or illiquidity could impair a fund's profitability or result in losses. The Fund may maintain substantial trading positions that can be materially adversely affected by the level of volatility in the financial markets—the larger the positions, the greater the potential for loss.

In recent years, global markets experienced unprecedented volatility and illiquidity. The effects thereof are continuing and there can be no assurance that a fund will not be materially adversely affected. These conditions have led to extensive governmental interventions. Such interventions have in certain cases been implemented on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition—as one would expect given the complexities of the financial markets and the limited time frame within which governments have felt compelled to take action—these interventions have typically been unclear in scope and application, resulting in confusion and uncertainty. It is impossible to predict what additional interim or permanent governmental restrictions may be imposed on the markets and/or the effect of such restrictions on the fund's manager's strategies.

Transaction Execution and Costs. As the fund's manager expects to actively manage a fund's portfolio, purchases and sales of investments may be frequent and may result in higher transaction costs to a fund. In addition, in many cases relatively narrow spreads may exist between the prices at which a fund will purchase and sell particular positions. The successful application of a fund's investment strategy will therefore depend, in part, upon the quality of execution of transactions, such as the ability of broker-dealers to execute orders on a timely and efficient basis. Although a fund will seek to utilize brokerage firms that will afford superior execution capability to a fund, there is no assurance that all of a fund's transactions will be executed with optimal quality. Furthermore, due to the degree of trading, total commission charges and other transaction costs may be expected to be high. The level of commission charges, as an expense of a fund, may therefore be expected to be a factor in determining future profitability of a fund.

Counterparty Risk. Some of the markets in which a fund may effect transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to the credit evaluation and regulatory oversight to which members of "exchange-based" markets are subject. This exposes a fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not *bona fide*) or because of a credit or liquidity problem, thus causing a fund to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene (i.e., force majeure) to prevent settlement, or where a fund has concentrated its transactions with a single or small group of counterparties. Counterparties in foreign markets face increased risks, including the risk of being taken over by the government or becoming bankrupt in countries with limited, if any, rights for creditors. A fund is not restricted from concentrating any or all of its transactions with one counterparty. The ability of a fund to transact business with any one or number of

counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by a fund. Counterparty risks also include the failure of executing brokers to honor, execute or settle trades.

Broker Risk. A fund's assets may be held in one or more accounts maintained for a fund by its prime brokers or at other brokers or custodian banks, which may be located in various jurisdictions, including emerging market jurisdictions. The prime brokers, other brokers (including those acting as sub-custodians) and custodian banks are subject to various laws and regulations in the relevant jurisdictions that are designed to protect their customers in the event of their insolvency. Accordingly, the practical effect of the laws protecting customers in the event of insolvency and their application to a fund's assets may be subject to substantial variations, limitations and uncertainties. For instance, in certain jurisdictions brokers could have title to a fund's assets or not segregate customer assets. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a prime broker, another broker or a clearing corporation, it is impossible further to generalize about the effect of the insolvency of any of them on a fund and its assets. Investors should assume that the insolvency of any of the prime brokers, local brokers, custodian banks or clearing corporations may result in the loss of all or a substantial portion of a fund's assets or in a significant delay in a fund having access to those assets.

Risk Arbitrage. The Fund may engage in certain arbitrage trading including, but not limited to, risk arbitrage, balance sheet arbitrage and convertible arbitrage. In such trading, a fund attempts to profit by exploiting price differences of identical or similar securities or financial instruments on different markets or in different forms. Often arbitrage opportunities disappear rapidly once the opportunity becomes well-known and many investors act on it. Arbitrage trading can involve large transaction costs because of the need to simultaneously buy and sell many different securities. There is no assurance that the arbitrage transaction will perform in the manner expected by the fund's manager and the exposure of a fund to a movement in the market or other factors could be significantly increased. In certain transactions, a fund may not be hedged against market fluctuations unrelated to the anticipated transaction but which may affect the value of the consideration to be received. This may result in losses, even if the proposed transaction is consummated.

Other Potential Risks Associated with a Private Fund

Shares are Not Public. Because of the fact that shares are not tradable, an investment in a fund involves a high degree of risk. A subscription for shares should be considered only by sophisticated investors financially able to maintain their investment and who can afford to lose all or a substantial part of such investment. There is no public market for the shares.

Absence of Certain Statutory Registrations. A private fund will not be registered as an investment company under the Investment Company Act of 1940, as amended (the "1940 Act"), in reliance upon certain exemptions and exceptions from such registration requirements. Accordingly, a fund will not be subject to the various statutory and SEC regulatory requirements applicable to registered investment companies. For example, a

fund is not required to maintain custody of its securities or place its securities in the custody of a bank or a member of a U.S. securities exchange in the manner required of registered investment companies under rules promulgated by the SEC. The Fund generally will maintain such accounts at brokerage firms that do not separately segregate such assets as would be required in the case of registered investment companies. Under the provisions of the U.S. Securities Investor Protection Act, the bankruptcy of any such brokerage firms might have a greater adverse effect on a fund than registered investment companies. The fund's manager is not registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act") but intends to register in the future pursuant to applicable law or regulation.

Business and Regulatory Risks; Future Regulation. The financial services industry generally, and the activities of private funds and their managers, in particular, have been subject to intense and increasing regulatory scrutiny. Such scrutiny may increase a fund's, and the fund's manager's exposure to potential liabilities and to legal, compliance and other related costs. The regulatory environment for private funds and their managers is evolving, and legal, tax and regulatory changes may adversely affect the value of investments held by a fund and the ability of a fund to pursue its trading strategies (i.e., a fund may not be able to obtain the leverage it might otherwise obtain). Increased regulatory oversight can also impose administrative burdens on the fund's manager, including, without limitation, responding to investigations and implementing new policies and procedures. Such burdens may divert the fund's manager's time, attention and resources from portfolio management activities. The effect of any future regulatory change on a fund could be substantial and adverse.

Limitations on Shareholder Redemptions and Transfers. Subject to the notice periods and other redemption restrictions, a shareholder generally will not be permitted to redeem all or any portion of its investment from a fund except as noted in a fund's offering documents. Accordingly, shares should only be acquired by investors willing and able to commit their funds for an appreciable period of time.

A Shareholder May Be Required to Redeem its Shares. Under a fund's offering documents, a shareholder may be required to redeem all or a portion of the shares held by such shareholder upon prior written notice. Such mandatory redemption may create adverse economic consequences to the shareholder depending on the timing thereof.

Shareholders Do Not Participate in Management. In certain cases, a principal or employee of the fund's manager may also be a shareholder of a fund. However, shareholders do not have the right to participate in the management of a fund or in the conduct of its business. Moreover, shareholders have no right to influence the management of a fund, whether by voting or otherwise.

Liability of Shareholders for the Return of Investment. Shareholders may be required to repay, with interest, any distribution, dividend, or payment by a fund for the redemption or purchase of its own shares unless, immediately following the payment, a fund is able to pay its debts as they fall due in the ordinary course of business.

Effect of Substantial Redemptions. Substantial redemptions by one or more shareholders within a short period of time could require a fund to liquidate securities positions more rapidly than would otherwise be desirable, possibly reducing the value of a fund's assets and/or disrupting a fund's investment strategy. Reduction in the size of a fund could make it more difficult to generate a positive return or to recoup losses due to,

among other things, reductions in a fund's ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses.

Conflicts of Interest. There are certain actual and potential conflicts of interest that should be considered by prospective investors before subscribing for shares in a private fund. The fund's manager, the principals, their members, affiliates and employees may engage in other activities, including providing investment management and advisory services to other accounts, other investment funds, funds of funds or other pooled vehicles and accounts, with investment objectives which are the same as, similar to or different from those of a fund. Certain of the funds managed in the future by the fund's manager, the principals, and their members, affiliates and employees may have different terms and fees. The fund's manager, the principals, their members, affiliates and employees may have investments in certain securities, some of which may exceed their investment in a fund. The portfolios of the funds managed by the fund's manager, the Principals, their members, affiliates and employees may differ as a result of many factors, including different strategies, availability of capital and tax considerations affecting each fund. A fund might not be able to invest as much of its assets as it desires in one or more securities if such securities have limited capacity and other funds managed by affiliates of the fund's manager, the principals, their members, affiliates and employees also seek to invest therein. The fund's manager, the principals, their members, affiliates and employees may engage in other business activities and are not required to refrain from any other activity, to disgorge any profits from any such activity, or to devote all or any particular part of the time and effort to a fund and its affairs. A fund may engage in certain transactions with its affiliates, *provided, however*, the terms thereof are commercially reasonable, as determined by a fund.

Supplementary Agreements with Shareholders. In connection with an investor's subscription for shares, a fund may enter into a side letter or similar agreement (a "Supplementary Agreement") with such new investor. A Supplementary Agreement may provide for, among other things, (i) a fund's agreement to special fee terms and liquidity terms; (ii) a fund's agreement to extend certain information rights or additional reporting to such investor, in some cases to accommodate special regulatory or other circumstances of the new investor; or (iii) restrictions on, or special rights of the new investor with respect to, the activities of a fund. The entry by a fund into any Supplementary Agreement would not require the vote or consent of any shareholder.

Soft Dollars. The use of brokerage commissions to obtain research services creates a conflict of interest between the fund's manager on the one hand, and a fund on the other hand. This may result in a fund paying higher brokerage commissions than might be paid if transactions were effected through brokers that do not provide such services. To the extent that the fund's manager is able to acquire these products and services without expending its own resources or at reduced prices, the fund's manager's use of "*soft-dollars*" would tend to increase its profitability. In addition, the availability of these non-monetary benefits may influence the fund's manager to select one broker rather than another to perform services for a fund.

Valuation. Valuations of a fund's securities and other investments, such as options, may involve uncertainties and judgmental determinations, and if such valuations should prove to be incorrect, the net asset value of a fund could be adversely affected. Certain of a fund's investments may not be listed on established exchanges, which may make a determination of the fair market value of such securities difficult to accurately determine. Furthermore, even for listed securities, the fund's manager may determine that the listed prices of the securities as determined in accordance with the valuation procedures set

forth in the Offering Memorandum and/or Articles of Association do not reflect the actual value of the securities and the fund's manager may make such appropriate and reasonable modifications thereto to reflect the value of the securities, including to reflect liquidity conditions or other factors affecting such value. Third party pricing information may at times not be available regarding certain securities. Valuation determinations made by the fund's manager, which will be conclusive and binding, may affect the amount of the management fee and performance fee.

Performance Fee. Some private fund may charge a performance-based fee. A performance-based fee arrangement may create an incentive for riskier or more speculative investments than might be the case in the absence of such performance-based fee arrangement.

Fees and Expenses. Shareholders will pay, directly or indirectly, layers of fees and expenses. A fund will have its own expenses and the fund's manager will be paid a management fee and performance fee. The fees and expenses paid by a fund, directly or indirectly, may be substantially greater than for other investment entities. Certain fees and expenses will be paid whether or not a fund experiences gains.

Additional Compensation from Affiliated Investment Vehicles. A portion of a fund's assets may be allocated to affiliated investment vehicles. In addition to the management fee and performance fee, a fund's affiliate, also may compensation from the affiliated investment vehicles. Please refer to Section 5. Fees and Compensation for FEP's affiliated entities under common ownership of Lee Weiss.

Limitation of Liability and Indemnification of the fund's manager. Some fund's manager agreements provide that, in the absence of gross negligence, wilful default, fraud or bad faith, the fund's manager is not liable for any loss or damage arising out of the performance of its obligations and duties thereunder. It may further provide that a fund indemnifies the fund's manager and each of its directors, officers and employees for any liabilities, losses, damages, outgoings, costs and expenses suffered by them in the performance of its obligations and duties, unless the loss arises out of, or in connection with, gross negligence, wilful default, fraud or bad faith by the fund's manager or its directors in the performance of those obligations and duties. Therefore, a shareholder may have a more limited right of action against the fund's manager than a shareholder would have had absent these provisions.

Reserves. Under certain circumstances, a fund may find it necessary to establish a reserve for contingent liabilities or withhold a portion of the shareholder's proceeds at the time of redemption. If the reserve is subsequently determined to have been excessive, such excess amount shall be returned to the net assets of a fund, but the amount paid upon a prior redemption will not be adjusted. Conversely, if the reserve is subsequently determined to have been insufficient, the net assets of a fund will be used to pay such amounts and a fund shall have no right to recover any excess redemption proceeds from a shareholder. As the establishment of a reserve impacts the determination of a fund's net asset value, an incorrect reserve will impact the subscription prices for Shares purchased by shareholders.

Item 9. Disciplinary Information

In July 2013 a former FEP client initiated arbitration against FEP and Lee Weiss in the amount of \$20,000,000 for certain investments made in direct private investments, private funds at FEP, and private funds at an affiliated entity. In June 2014 former FEP clients initiated arbitration against FEP and Lee Weiss in the amount of \$5,500,000 for certain direct private investments. These arbitrations are ongoing. In 08/2014 a civil lawsuit was filed against FEP and Lee Weiss for certain direct private investments and private fund investments.

Item 10. Other Financial Industry Activities and Affiliations

Lee D. Weiss is a Registered Representative of StillPoint Capital, LLC and MIP Global, Inc. StillPoint and MIPG are registered broker/dealers with the Financial Industry Regulatory Authority and are members of the Securities Investor Protection Corporation. StillPoint provides investment banking (private placement, merger & acquisition advisory services) and a securities licensing program for registered representatives. MIPG is approved to engage in the following business areas: municipal bonds, corporate bonds, government securities, mutual funds, equities (listed and OTC), options, investment banking and private placements. Other FEP employees may also be registered representatives of StillPoint, MIPG or other related entities.

FEP may recommend securities offered by StillPoint, MIPG or its affiliates as well as those funds listed in Item 5 of this Brochure. This may result in a conflict of interest for our advisory clients. FEP discloses such conflicts to its clients.

Item 11. Code of Ethics

FEP has a Code of Ethics in place to which all employees are subject. The Code of Ethics sets forth the standards of conduct expected of its associated persons and requires compliance with the federal securities laws. In accordance with section 204A of the Advisers Act, its Code of Ethics contains policies reasonably designed to prevent the unlawful use of material non-public information by the firm or any of its associated persons. All employees are required to acknowledge in writing that they have reviewed and accept the Code of Ethics. A copy of the Firm's Code of Ethics will be provided upon request.

FEP may recommend to their clients the purchase of private limited partnerships or other investments that are sponsored by FEP, MIPG or Mosaic Investment Partners, Inc. and/or other managers. When this occurs, the conflicts of interest are disclosed to clients through the relevant offering materials for that particular investment and/or by FEP during the recommendation process.

Applicable FEP personnel report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings, where applicable. Trading ahead of clients is prohibited. Should a conflict occur, disclosure will be made to the client.

FEP, in certain instances, may recommend to its separately managed account clients, that a portion of the clients' assets may be appropriate to invest in the Funds. In all cases, FEP will distribute all Fund documents and offering material to the client, and recommend that the client review the material to determine whether the investment is suitable for them. FEP does not invest any client money in the Funds without the client completing the applicable subscription documentation. See the Funds' offering material for relevant information.

Item 12. Brokerage Practices

FEP clients primarily utilize TD Ameritrade, Inc. ("TDA") Inc. as their custodian. FEP utilizes these custodians trading platform due to their respective financial strength, reputation, execution, pricing, research and service. The commissions and/or transaction fees charged by TDA may be higher or lower than those charged by other broker-dealers. The commissions paid by the firm's clients shall comply with the firm's duty to obtain best execution. However, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction. In seeking best execution, the determinative factor is not the lowest possible cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among others the value or research provided execution capability, commission rates, and responsiveness. Consistent with the foregoing, while FEP will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

If the client requests FEP to arrange for the execution of securities brokerage transactions for the client's account, FEP will direct such transactions through broker-dealers that FEP reasonably believes will provide best execution. Transactions may be cleared through other broker-dealers with whom FEP and the financial institution(s) have entered into agreements for prime brokerage clearing services. The Adviser shall periodically and systematically review its policies and procedures regarding recommending broker-dealers to its client in light of its duty to obtain best execution.

The client may direct FEP in writing to use a particular broker-dealer to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that broker-dealer, and FEP will not seek better execution services or prices from other broker-dealers or be able to "batch" client transactions for execution through other broker-dealer with orders for other accounts managed by FEP. As a result, the client may pay higher commission or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, FEP may

decline a client's request to direct brokerage if, FEP's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless FEP decides to purchase or sell the same securities for several clients at approximately the same time. FEP may but is not obligated to combine or "block" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equity among FEPs' clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this "block" procedure, transactions will generally be averaged as to price and allocated among FEP clients pro-rata to the purchase and sale orders placed for each client on any given day. To the extent that FEP determines to aggregate client orders for the purchase or sale of securities, including securities in which FEP Advisory Affiliates may invest, FEP shall generally do so in accordance with applicable rules set under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. FEP shall not receive any additional compensation or remuneration as a result of the aggregation. In the event that FEP determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors. Some of these factors may include:

- When only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios with similar mandates
- Allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts
- If an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed)
- With respect to sale allocations, allocations may be given to accounts low in cash
- In cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, Family Endowment Partners may exclude the account(s) from the allocation
- The transactions may be executed on a pro rata basis among the remaining accounts; or
- In cases where a small proportion of an order is executed in all accounts shares may be allocated to one or more accounts on a random basis.

The Adviser and/or its Investment Adviser Representatives ("IARs") may participate in block trades with clients, and may also participate on a pro-rata basis for partial fills but only if clients receive fair and equitable treatment.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which

assist FEP in its investment decision-making process. Such research generally will be used to service all of the FEP clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and /or services poses a conflict of interest.

FEP is not affiliated with TD Ameritrade, Inc. Independent Adviser Representatives of our firm are not registered representatives of TDA and do not receive any commissions or fees from recommending their services.

FEP may receive from TDA, without cost to the firm, computer software and related systems support, which allows for better monitoring of client accounts maintained at TDA. The software or related systems may be without cost because the investment advisory or financial planning clients maintain assets at TDA. The software may benefit FEP, but not its clients directly. Clients should be aware that the receipt of such benefits creates a conflict of interest since the benefits may influence the choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support or services.

Item 13. Review of Accounts

FEP monitors client portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by the firm principal along with other appropriate personnel. FEP shall contact ongoing investment advisory and consulting clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Item 14. Client Referrals and Other Compensation

FEP may compensate for client referrals. All solicitors' agreements are in compliance with the Investment Advisers Act of 1940. In addition, all applicable federal and state laws will also be observed.

FEP may sub-lease a portion of its office space to third parties. In situations where this occurs, FEP takes precautionary steps to protect client information in accordance with its privacy policy.

Item 15. Custody

Separate Accounts

FEP is deemed to have custody of client assets in its Separately Managed Accounts because of the fee deduction authority granted by the client in the Investment Advisory Agreement.

Clients of FEP will receive statements from the custodial firm that houses the accounts. FEP will, from time to time, send clients investment statements for these same accounts. Clients are encouraged to compare the two statements for accuracy. Minor variations may occur because of reporting dates, accrual methods of interest and dividends, and other factors. The custodial statement is the official record of your account for tax purposes for Separate Account assets and the K-1 or 1099 for private investments.

FEP Fund I, LP and FEP Fund II, Ltd. and Other Affiliated Funds

FEP does have custody of the FEP Fund I, LP and FEP Fund II, Ltd. assets. Management fees are deducted from these funds on a quarterly basis. Statements are sent out quarterly by the Fund Administrator along with the audited financial statements when available on an annual basis. FEP may be deemed to have custody of certain affiliated private funds. FEP Fund I, LP, FEP Fund II, Ltd. and affiliated funds comply with the custody rule under the Investment Advisers Act of 1940 by having an audit completed on an annual basis. Investors in these funds are entitled to receive the completed audit report.

Lee D. Weiss as Trustee

In certain cases, certain Separate Account Clients have requested, and Lee Weiss has agreed to serve as trustee or co-trustee of their respective accounts, which is deemed as custody under Rule 206(4)-2 of the Investment Advisers Act of 1940. FEP complies with the custody rule by having a “surprise” audit conducted on these few accounts.

Item 16. Investment Discretion

FEP’s investment powers shall include full discretionary trading authority to buy, sell, exchange, convert, exercise, tender and otherwise trade in stocks, bonds and other property of any kind that is held within each client account. FEP shall also have the authority to place orders for securities transactions with any broker-dealer affiliate of the custodian designated on the account form and to arrange for delivery of and payment for any account investments through the broker-dealer or otherwise. FEP has the authority to delegate its powers, duties and responsibilities to one or more sub-advisers.

Item 17. Voting Client Securities

FEP may vote proxies on behalf of the FEP Fund I, LP and FEP Fund II, Ltd. holdings, where applicable, but generally does not vote proxies for Separate Managed Account clients. The firm will only cast proxy votes in a manner consistent with the best interest of its clients. In situations where there may be a conflict of interest in the voting proxies due to business or personal relationships that the Adviser maintains with persons having an interest in the outcome of certain votes, the Adviser will take appropriate steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict. At any time, clients may contact FEP to request information about how the firm voted proxies for that client’s securities.

Item 18. Financial Information

FEP does not require or solicit payment of \$1,200 in fees per client six months or more in advance.