

PART 2A OF FORM ADV
FIRM BROCHURE



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This brochure provides information about the qualifications and business practices of Chalkstream Capital Group, L.P. (“Chalkstream”). If you have any questions about the contents of this brochure, please contact Xiao-Hong Jing at (212) 707-6100 or by email at xhj@chalkstreamcapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

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

Chalkstream is registered as an investment adviser with the SEC under the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”). SEC registration does not imply a certain level of skill or training.

ITEM 2 – MATERIAL CHANGES

This amendment update to our firm brochure (the “Brochure”) amends the Brochure dated March 20, 2014.

Below is a summary and discussion of all material changes from the version that was filed with the SEC on March 20, 2014. In the future, when we amend the Brochure for our annual update, and the amended version contains material changes from the last annual update, we will identify and discuss those changes either on this page or as a separate document accompanying the Brochure. For documentation purposes, we will always provide the date of the last annual update of the Brochure.

No material changes are reflected in this Brochure; however, clients and prospective clients should read this Brochure carefully in its entirety.

ITEM 3 - TABLE OF CONTENTS

	<u>Page</u>
ITEM 2 – MATERIAL CHANGES	i
ITEM 3 - TABLE OF CONTENTS	ii
ITEM 4 – ADVISORY BUSINESS	1
ITEM 5 – FEES AND COMPENSATION	3
ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT	5
ITEM 7 – TYPES OF CLIENTS	6
ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	7
ITEM 9 – DISCIPLINARY INFORMATION	21
ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	22
ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	23
ITEM 12 – BROKERAGE PRACTICES	25
ITEM 13 – REVIEW OF ACCOUNTS	27
ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION	28
ITEM 15 – CUSTODY	29
ITEM 16 – INVESTMENT DISCRETION	30
ITEM 17 – VOTING CLIENT SECURITIES	31
ITEM 18 – FINANCIAL INFORMATION	32

ITEM 4 – ADVISORY BUSINESS

Chalkstream, a Delaware limited partnership, was founded in January 2004 by Andrew K. Tsai and Peter Muller. Chalkstream currently provides discretionary investment advisory services, including, but not limited to, managing and directing the investment and reinvestment of assets for the following U.S. and non-U.S. private investment funds:

- Chalkstream Investment Fund, L.P., a Delaware limited partnership (the “Domestic Investment Fund”)
- Chalkstream Investment Fund (International), Ltd., a Cayman Islands exempted company (the “Offshore Investment Fund”, and together with the Domestic Investment Fund, the “Investment Funds”)

Chalkstream also provides non-discretionary investment advisory services to the Chalkstream Insurance Fund Series of the SALI Multi-Series Fund, L.P. (the “Insurance Fund”).

An affiliate of Chalkstream, Chalkstream GP, L.L.C. (“Chalkstream GP”), a Delaware limited liability company, acts as the general partner of the Domestic Investment Fund.

The general partner of Chalkstream is Chalkstream Capital Management, L.L.C. (“Chalkstream Capital Management”), a Delaware limited liability company of which Andrew K. Tsai is the managing member and Peter Muller is a special non-managing member. Mr. Tsai and Mr. Muller are also the sole limited partners of Chalkstream. Mr. Tsai and Mr. Muller, both directly and through their interests in Chalkstream Capital Management, are the owners of Chalkstream.

Each of the Domestic Investment Fund, the Offshore Investment Fund and the Insurance Fund may be referred to individually in this Brochure as a “Fund” and together as the “Funds.” The terms for each Fund are disclosed in detail in the relevant Fund’s offering documents that are provided to prospective investors prior to investment.

Chalkstream acts as the investment manager of the Offshore Investment Fund, the management company of the Domestic Investment Fund and an investment sub-advisor to the Insurance Fund. Chalkstream may also provide discretionary investment advisory services to separately managed accounts (the “Managed Accounts”, and together with the Funds, the “Advisory Clients”).

Chalkstream or its affiliates may also act in an investment advisory capacity to certain wholly-owned subsidiaries and trading vehicles of the Funds used to carry out certain investment objectives of the Funds.

As further described in Item 8 below, the primary source of return generation of the Funds comes from the selection of a limited number of portfolio managers (the “Portfolio Managers”) and the investment funds they operate (each, a “Hedge Fund”), and in certain classes of the Investment Funds only, certain longer-duration investments (each, a “Special Investment”) targeted by the Investment Funds. Additionally, Chalkstream may allocate certain Funds’ capital to a hedging program designed to offset the portfolios from potential market shocks. The hedging program may involve the Funds owning financial instruments or entering into hedging agreements which may include a wide range of securities, options, futures, swaps and other assets Chalkstream deems appropriate.

Generally, investors in any of the Funds do not have the ability to individually tailor their investments or impose specific investment restrictions. However, when deemed appropriate, a Fund may create a special class of interests or shares to accommodate a particular investor’s or a group of investors’ unique

investment restrictions. Chalkstream may also establish Managed Accounts. The investment objectives, fee arrangements and terms of Managed Accounts are individually negotiated, and it should be noted that any such Managed Account relationships may be subject to significant account minimums.

Chalkstream does not participate in wrap fee programs.

As of January 1, 2015 and based on December 31, 2014 numbers provided by the independent fund administrator, Chalkstream and its affiliates manage approximately \$592,918,963 of Advisory Client assets on a discretionary basis. As of January 31, 2015 and based on numbers provided by the independent fund administrator, Chalkstream and its affiliates manage approximately \$48,538,168 of Advisory Client assets on a non-discretionary basis. It should be noted that the assets under management disclosed here has been calculated differently than that of “regulatory assets under management” as disclosed in Chalkstream’s Form ADV Part 1, Item 5.F.

ITEM 5 – FEES AND COMPENSATION

Chalkstream is compensated for its advisory services with respect to each Fund as follows:

- **The Investment Fund – Main Fund interests/shares:** Chalkstream receives a management fee, payable quarterly in advance, equal to 0.25% (1.00% per annum) of the value of each investor's capital account or shares. Chalkstream also receives an annual incentive allocation or fee equal to (i) 10% of net appreciation in the Hedge Fund portfolio subject to a hurdle and the return of any amount in the loss recovery account, and (ii) 15% of net realized profits in a specific Special Investment, subject to a cumulative hurdle and any amount in the loss recovery account.
- **The Investment Fund – Class J:** Chalkstream receives a management fee, payable quarterly in advance, equal to 0.375% (1.50% per annum) of the value of each investor's capital account or shares. Chalkstream also receives an annual incentive allocation or fee equal to 15% of net appreciation in the portfolio, subject to a hurdle and any amount in the loss recovery account.
- **The Investment Fund – Class T:** Chalkstream receives a management fee, payable quarterly in advance, equal to 0.25% (1.00% per annum) of the value of each investor's capital account or shares. Chalkstream also receives an annual incentive allocation equal to 15% of outperformance above a hurdle, subject to any amount in the recovery account.
- **The Investment Fund – Class K-F:** Chalkstream receives a management fee, payable quarterly in advance, equal to 0.25% (1.00% per annum) of the value of each investor's capital account or shares. Chalkstream also receives an annual incentive allocation or fee equal to 10% of net appreciation in the portfolio, subject to any amount in the loss recovery account.
- **The Insurance Fund - Class A:** Chalkstream receives a management fee, payable monthly in advance, equal to 1.75% per annum of the value of each investor's capital account or shares.
- **The Insurance Fund - Class B:** Chalkstream receives a management fee, payable monthly in advance, equal to 1.00% per annum of the value of each investor's capital account or shares. Chalkstream also receives an annual incentive fee equal to 10% of net appreciation subject to the return of any amount in the loss recovery account.

Chalkstream or its affiliates deduct fees from the Funds' assets. The management fee is generally paid to Chalkstream from the Funds either monthly or quarterly in advance (adjusted for subscriptions during the calendar quarter). In the event of a mid-month or mid-quarter withdrawal/redemption, Chalkstream or its affiliates will refund Management Fees for that month/quarter pro rata. The incentive allocation or fee, as applicable, is generally allocated or paid to Chalkstream or its affiliates at the end of each fiscal year (adjusted for any withdrawals or redemptions during the year), except with respect to Special Investments in the Investment Funds, in which case the incentive allocation or fee, as applicable, is allocated to Chalkstream GP upon the realization or deemed realization of each Special Investment.

Chalkstream's fees with respect to the Funds are generally not negotiable. Notwithstanding the foregoing, Chalkstream has elected to offer reduced fees to certain investors in one or more Funds.

In addition to the management fee and incentive allocation or fee described above, each Fund shall bear its own expenses. Such expenses vary by Fund, but generally include the following (note, however, that this is not a complete list of expenses): investment expenses; professional fees relating to investments; fees and expenses relating to software tools, programs or other technology utilized in managing the Funds; research related expenses (including research-related travel expenses and research and market data); administrative expenses; legal and compliance expenses (including expenses relating to

engagement of third-party compliance consultants); external accounting and valuation expenses; audit and tax preparation expenses; investor-related correspondence; entity-level taxes; corporate licensing; regulatory expenses; organizational expenses; expenses related to directors' and officers' insurance (if applicable); fees to the administrator; indemnification expenses; and extraordinary expenses. An investor in a Fund may be bearing expenses (including litigation expenses) incurred by the Fund relating to investment(s) that such investor has not participated in. To the extent that expenses to be borne by a Fund are paid by Chalkstream or Chalkstream GP, the relevant Fund will reimburse that party for such expenses.

As mentioned in Item 4 above, Chalkstream primarily utilizes an investment strategy that is focused on investing Advisory Client assets in other Hedge Funds managed by the Portfolio Managers (including funds managed by Chalkstream and its affiliates) and thereby subjecting the Funds to an additional level of compensation. The Funds will bear fees, expenses and performance-based allocations in connection with its investments, which generally include performance fees or incentive allocations. In the aggregate, these expenses and compensation can be substantial, could exceed the compensation typically incurred from a direct investment and could have a material adverse effect on the value of any investment in the Funds.

Moreover, these Hedge Fund expenses and compensation may be higher than the expenses and compensation of comparable investment vehicles. Investors will also incur brokerage and other transaction costs directly related to each Fund's hedging program. Refer to Item 12 – Brokerage Practices for further information.

It is critical that investors refer to the relevant Fund's offering documents for a complete understanding of how Chalkstream is compensated for its advisory services. The information contained in this Item 5 is a summary only and is qualified in its entirety by the relevant Fund's offering documents.

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

As described in Item 5 above, Chalkstream or Chalkstream's affiliates receive performance-based compensation in the form of an incentive allocation or fee. It should be noted that the possibility that Chalkstream or its affiliates could receive performance-based compensation creates a potential conflict of interest in that it may create an incentive for Chalkstream to effectuate larger and more risky transactions than would be the case in the absence of such form of compensation.

Chalkstream presently provides investment advisory services to the Funds, which provide Chalkstream with varying levels of compensation. As such, there is a potential conflict of interest related to managing accounts that provide Chalkstream with performance-based fees alongside accounts that charge no performance-based fees. In order to address this potential conflict, Chalkstream has adopted a policy that it will generally make allocation decisions based upon the best interests of all Funds on a fair and equitable basis consistent with Chalkstream's fiduciary obligations.

ITEM 7 – TYPES OF CLIENTS

Chalkstream provides investment advisory services to the Advisory Clients. The minimum capital contributions or account balances in the Advisory Clients are as follows:

- **Domestic Investment Fund – Main Fund Interests:** \$5 million initial capital contribution and \$1 million additional capital contribution, each subject to the sole discretion of the Chalkstream GP to accept lower amounts. Additionally, Chalkstream GP may disallow the partial withdrawal of capital by any investor, if as a result of, or prior to, such withdrawal, the aggregate balance of such investor's capital account(s) would be less than \$500,000.
- **Domestic Investment Fund – Class J:** \$5 million initial capital contribution and \$500,000 additional capital contribution, each subject to the sole discretion of the Chalkstream GP to accept lower amounts. Additionally, Chalkstream GP may disallow the partial withdrawal of capital by any investor, if as a result of, or prior to, such withdrawal, the aggregate balance of such investor's capital account(s) would be less than \$500,000.
- **Domestic Investment Fund – Class T:** \$50 million initial capital contribution and \$5 million additional capital contribution, each subject to the sole discretion of the Chalkstream GP to accept lower amounts.
- **Domestic Investment Fund – Class K-F:** \$25 million initial capital contribution and \$1 million additional capital contribution, each subject to the sole discretion of the Chalkstream GP to accept lower amounts.
- **Offshore Investment Fund – Main Fund Shares:** \$5 million initial subscription for shares and \$1 million additional subscription for shares, each subject to the discretion of the board of directors of each Fund to accept lower amounts (but in no event less than such minimum amounts as may be set out under Cayman Islands law from time to time). Additionally, the board of directors, in its sole discretion, may disallow the partial redemption of shares by any investor, if as a result of, or prior to, such redemption the investor's shares would be less than \$500,000.
- **Offshore Investment Fund – Class J:** \$5 million initial subscription for shares and \$500,000 additional subscription for shares, each subject to the discretion of the board of directors of each Fund to accept lower amounts (but in no event less than such minimum amounts as may be set out under Cayman Islands law from time to time). Additionally, the board of directors, in its sole discretion, may disallow the partial redemption of shares by any investor, if as a result of, or prior to, such redemption the investor's shares would be less than \$500,000.
- **Offshore Investment Fund – Class K-F:** \$25 million initial subscription for shares and \$1 million additional subscription for shares, each subject to the discretion of the board of directors of each Fund to accept lower amounts (but in no event less than such minimum amounts as may be set out under Cayman Islands law from time to time).
- **Insurance Fund:** \$1 million initial capital contribution and \$1 million additional capital contribution, each subject to the sole discretion of SALI Fund Partners, LLC (the "SALI GP") to accept lower amounts. Additionally, SALI GP may disallow the partial withdrawal of capital by any investor, if as a result of, or prior to, such withdrawal, the aggregate balance of such investor's capital account(s) would be less than \$1 million.
- **Managed Accounts** (if any): Individually negotiated.

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

Methods of Analysis and Investment Strategies

The primary source of return generation for each Fund derives from that Fund's selection of a limited number of Portfolio Managers and investment in the Hedge Funds they operate. Chalkstream believes that over-diversification can significantly reduce returns without a comparable reduction in the volatility of the portfolio. The goal of keeping the portfolio in a relatively concentrated number of investments works as a default mechanism to ensure that only Chalkstream's best investment opportunities are added to and remain in the portfolio.

Hedge Fund Portfolio – Main Fund Interests/Shares

Each Fund intends to allocate capital to Hedge Funds with the majority of the risk often concentrated in 10-15 Hedge Funds. Hedge Funds are selected to provide that Fund with diversification across different strategies, investment horizons, regions and asset classes. Although some Hedge Funds may have net long or short exposure to equity or fixed income markets, Chalkstream seeks to assemble a portfolio for each Fund that exhibits little to no long-term correlation with the broader equity or fixed income markets. In addition, the Funds may invest assets with certain Portfolio Managers by opening discretionary managed accounts, rather than by investing in Hedge Funds.

Portfolio Managers are selected after a lengthy due diligence process based on an evaluation of, among other factors, (i) a Portfolio Manager's character, judgment, investment strategy, proven skills in portfolio management, trading and risk management and (ii) other portfolio managers in the same space. When seeking new investment opportunities, Chalkstream has a preference for Portfolio Managers that are focused on investing as opposed to asset gathering, tend to have limited capacity, and in which the principals maintain a significant investment. Additionally, there is a preference for niche strategies where limited competition and/or assets dedicated to the strategy exist. Finally, Chalkstream looks for a solid and cohesive organization. Chalkstream may also pursue direct investment opportunities on behalf of the Investment Funds. Such direct investment opportunities are typically found by Chalkstream during the normal course of the Chalkstream's research process. There are no particular investment restrictions with regard to the investment of a Fund's assets, except those imposed by applicable law or regulation.

Chalkstream has a preference for start-up and emerging Portfolio Managers and more established Portfolio Managers that are well known to Chalkstream. It has been the experience of Chalkstream that the early years of a Hedge Fund's existence tend to produce the highest out-performance. Possible reasons for this out-performance include fewer distractions from the investment process such as management issues which arise in running a larger organization, greater motivation to create personal wealth, more opportunities in exceptional trade ideas and lower market impact and transaction costs with smaller assets. Chalkstream focuses on "preferred" relationships with these new and emerging Portfolio Managers with the intention of fostering long-term relationships by acting as formal or informal advisors to the Portfolio Managers. Chalkstream believes that deep relationships can provide better knowledge of a Portfolio Manager's strategy and portfolio, and in some cases may result in preferred terms.

Chalkstream often pursues newer, niche strategies that may or may not be widely followed or understood. Chalkstream's network of relationships and experience with numerous sophisticated trading strategies and private investment funds provides the Funds with opportunities to invest in new or "opportunistic" strategies. Although these strategies can have a limited window of opportunity, they often produce strong risk-adjusted returns and offer the Investment Funds exposure to talented investment managers.

Chalkstream believes that an additional source of potential out-performance is strategic asset allocation. This could include increased or decreased allocation to a particular strategy based on future return expectations, structural changes or flows of capital. In addition to focusing on a bottoms-up research process, Chalkstream also expends significant effort to develop a top-down/macroeconomic view and ensures that each Fund's portfolio is constructed to express this view. Through a vigorous risk management process made viable as a result of negotiated transparency from underlying funds, Chalkstream is able to approximate each Fund portfolio's correlation to various market outcomes and develop hedges to protect against "tail" risk. Chalkstream believes that an understanding of the effects of macroeconomic factors on each Fund's portfolio in combination with an active hedging program is essential to generating strong risk-adjusted returns and protecting capital in difficult market environments.

Class J Portfolio

The Class J Portfolio is expected to provide exposure to compelling investment opportunities across targeted sectors and asset classes in Japan, focusing on dislocations between equities and credit in Japan. Typically, the Class J Portfolio will favor niche and smaller investment opportunities that have limited competing capital. Furthermore, the objective in the Class J Portfolio is to run a concentrated portfolio of investments in which it can build deep relationships with its underlying managers or co-investment partners.

The Class J Portfolio comprises a subset of each Fund's overall investment program, investing in a subset of the Funds' Hedge Fund investment opportunities as well as a portfolio of Japanese corporate credit shorts that is held by the Funds directly but managed by one or more credit experts (such credit expert(s), together with the above-referenced Hedge Funds' portfolio managers, (the "Japanese Portfolio Managers"). Class J does not invest in Special Investment opportunities.

Japanese Portfolio Managers are selected to provide a complementary balance across different strategies, investment horizons and asset classes within Japan. Japanese Portfolio Managers are selected after a lengthy due diligence process based on an evaluation of, among other factors, (i) a Portfolio Manager's character, judgment, investment strategy, and proven skills in portfolio management, trading and risk management and (ii) other portfolio managers in the same space. When seeking new investment opportunities, Chalkstream has a preference for Japanese Portfolio Managers that are focused on investing as opposed to asset gathering, tend to have limited capacity, and in which the principals maintain a significant investment. Additionally, there is a preference for niche strategies where limited competition and/or assets dedicated to the strategy exist.

When making investments, Chalkstream seeks preferred status with each Japanese Portfolio Manager in the form of capacity rights, co-investment rights, board or advisory board participation, fee discounts, rights of first refusal arrangements and most favored investor status, although Chalkstream may make investments without securing such rights.

Class T Portfolio

The Class T Portfolio is expected to provide exposure to positions generally structured to capture alpha opportunities in Japanese equities. The Class T Portfolio includes investments made with a limited number of portfolio managers and the investment funds they operate. In general, Chalkstream expects to manage the Class T Portfolio with a long-biased exposure. Chalkstream expects to invest with portfolio managers who (i) are focused on investing in Japanese companies trading near what they perceive as liquidation value and/or (ii) pursue a "value extraction" and event-driven strategy when managing their underlying investments.

The majority of the Class T Portfolio will be managed by a small number of Japanese portfolio managers. These portfolio managers are selected for their focused expertise in value creation in small- and mid-cap as well as large-cap Japanese equity securities, though such portfolio managers may pursue this strategy in stylistically different manners. Chalkstream expects to invest a majority of the capital with Japanese portfolio managers focused on long equities investing.

Generally, Chalkstream believes that over-diversification can significantly reduce returns without a comparable reduction in the volatility of the portfolio. The goal of keeping the Class T Portfolio in a relatively concentrated number of investments works as a default mechanism to ensure that only Chalkstream's best investment opportunities are added to and remain in the Class T Portfolio. Chalkstream believes that the concentration of the Class T Portfolio in investments selected by a limited number of Japanese portfolio managers is a key differentiator in its portfolio construction compared to many other investment vehicles.

Class K-F Portfolio

The Class K-F Portfolio is expected to provide exposure to underlying investments generally structured to capture opportunities in the South Korean equity markets. Chalkstream believes that South Korean equity markets offer opportunities for alpha generation due to, among other factors, the lack of international investor focus, the index-focused nature of the domestic investor base and limited overall coverage from sell side research analysts.

After a lengthy due diligence process including multiple meetings and interviews, quantitative reviews and evaluations of historical attribution, meetings with underlying portfolio companies and on-site operational due diligence, Chalkstream has identified and retained several local partners and may identify and retain other local partners to execute part of Class K-F Portfolio's strategy. Each of the Korean portfolio advisers is selected for its focused expertise in deep-value and special situation research in Korean equity securities, though the Korean portfolio advisers may pursue this strategy in stylistically different manners. In addition, each of the Korean portfolio advisers is selected based on an evaluation of, among other factors, its character, judgment, investment strategy and organization. In identifying and retaining the Korean portfolio advisers, Chalkstream focuses on advisers that have implemented a successful strategy of active management dedicated to the South Korean equity markets in a similar fashion to value and special situation hedge funds.

The Class K-F Portfolio will be invested in a well-diversified portfolio of South Korean equities, in accordance with the advice provided by the Korean portfolio advisers. In addition to this diversified portfolio of South Korean equities, Class K-F Portfolio may hold other instruments in connection with South Korea hedges.

In general, Chalkstream expects to manage the Class K-F Portfolio to maintain a mix of long and short listed equity exposures and appropriate hedges. With respect to the long equity exposures, Chalkstream expects to have exposure to (i) South Korean companies trading at a discount to "intrinsic value" and/or (ii) "special situations" where value can be unlocked by corporate events. With respect to the short exposures, Chalkstream expects to have exposure to South Korean companies trading in excess of "intrinsic value" or trading expensive related to another similar South Korean companies. In addition, Chalkstream may hedge the South Korean equity and currency risk by utilizing various strategies globally and specific to South Korea.

Hedging

As mentioned in Item 4 above, Chalkstream will typically allocate capital to a hedging program designed to offset the Funds' portfolios from potential market shocks. The hedging program may involve the Funds owning financial instruments or entering into hedging agreements, which may include a wide range of securities, options, futures, swaps and other instruments Chalkstream deems appropriate.

Special Investment Portfolio (Investment Funds Only; Main Fund Interests/Shares)

The Investment Funds (excluding Class J, Class T or Class K-F Interests/Shares) also allocate capital to longer-duration investments, which may include, without limitation, direct and indirect investments in private equity, real estate, venture capital, special purpose vehicles, investment management companies (e.g., seed deals), public securities and derivatives and any investment Chalkstream deems to be of longer-duration. The aggregate amount of Special Investments (excluding any related hedges) allocated

to any Investment Fund investor is not limited but generally will be up to approximately 40% of an investor's interest in the Investment Fund at the time a Special Investment is made. Similar to the Hedge Fund investments, Special Investments are often allocated to areas of limited competing capital where Chalkstream can form deep relationships and/or exert control over the sponsor or local partner.

Special Investments are intended to complement the core Hedge Fund investment program of the Investment Fund through opportunistic allocation of capital to less liquid or longer-duration investments. Chalkstream believes that certain investments with longer investment horizons can offer higher return expectations than Hedge Fund investments while also providing diversification to the overall portfolio. Chalkstream believes that a combination of core Hedge Fund investments and Special Investments should create a favorable long-term risk/reward profile for the Investment Fund. Chalkstream's investment philosophy with respect to Special Investments is similar to the Investment Funds' core Hedge Fund investments: to make concentrated allocations to investments that are managed by people Chalkstream believes have a sustainable edge over competitors.

The sourcing of Special Investments comes from Chalkstream's network of managers, investors and industry contacts around the world. In the course of Chalkstream's research of Hedge Funds, Chalkstream is often exposed to Special Investment opportunities. Some of these are special purpose vehicles created by hedge fund groups and the others are investments in a variety of direct and indirect private equity situations. In addition, Chalkstream's close ties to many sophisticated investment groups offers a reliable stream of new contacts and opportunities in niche sectors around the world.

The Funds have broad and flexible investment authority. The Funds may have other strategies or engage in other activities than those described herein. It is critical that investors refer to the relevant Fund's offering documents for a complete understanding of that Fund's investment objective and strategies. The information contained in this Item 8 is a summary only and is qualified in its entirety by the relevant Fund's offering documents.

An investment in the Funds may be deemed speculative and is not intended as a complete investment program. The Funds are designed only for experienced and sophisticated persons who are able to bear the risk of substantial impairment or total loss of their investment in the Funds.

Risk of Loss

Operating History. A Portfolio Manager may have a limited operating history upon which to evaluate its future performance. The past investment performance of any of the Portfolio Managers with which the Funds invest or any of the Funds (or any other vehicle managed by Chalkstream) should not be construed as an indication of the future results of the Portfolio Managers or of the Funds.

Dependence on Chalkstream and the Portfolio Managers. Chalkstream invests assets of each Fund through Portfolio Managers. The success of the Funds is dependent not only on the investment performance of individual Portfolio Managers and the ongoing ability of Chalkstream to select and allocate effectively the Funds' assets among Portfolio Managers, but also on the ability of Chalkstream to successfully implement investment strategies that achieve the Funds' investment objective. For example, a Portfolio Manager's inability to effectively hedge an investment strategy may cause the assets of the Funds invested with such Portfolio Manager to significantly decline in value and could result in substantial losses to the Funds. In addition, subjective decisions made by Chalkstream or the Portfolio Managers may cause the Funds to incur losses or to miss profit opportunities on which it may otherwise have capitalized. Moreover, although Chalkstream may allocate assets of the Funds to Portfolio Managers who use different investment strategies, there can be no assurance that market or other events will not have an adverse impact on the strategies employed by multiple Portfolio Managers.

Absence of Regulatory Oversight. The Funds are not required to register as investment companies and have not registered as such under the U.S. Investment Company Act of 1940, as amended (the "Company Act"). Thus, the provisions of the Company Act intended to provide various protections to investors are not applicable. Moreover, Hedge Funds are generally not registered as investment companies, and the Funds, in turn, are not provided the protections of the Company Act. The investment activities of the Funds and the Hedge Funds are not subject to Company Act provisions that limit the use of leverage and regulate other investment practices. Hedge Funds generally do not maintain their securities and other assets in the custody of a bank or a member of a securities exchange, as generally required of registered investment companies, in accordance with certain rules of the SEC. A registered investment company that places its securities in the custody of a member of a national securities exchange is required to have a written custodian agreement, which provides that securities held in custody will be at all times individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company and which contains other provisions designed to protect the assets of the investment company. It is anticipated that the Hedge Funds generally will maintain custody of their assets with 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, as amended, the bankruptcy of any such brokerage firm could have a greater adverse effect on the Fund than would be the case if the custody of assets were maintained in accordance with the requirements applicable to registered investment companies. There is also a risk that a Portfolio Manager could convert to its own use assets committed to it by the Fund or that a custodian could convert to its own use assets committed to it by a Portfolio Manager. There can be no assurance that the Portfolio Managers or the entities they manage will comply with all applicable laws and that assets entrusted to the Portfolio Managers will be protected.

Business and Regulatory Risks of Hedge Funds. Legal, tax, and regulatory developments could occur that may adversely affect the Funds. Securities and futures markets are subject to comprehensive statutes, regulations and margin requirements enforced by the SEC, other regulators and self regulatory organizations and exchanges authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions. The regulatory environment for private funds is evolving, and changes in the regulation of private funds and their trading activities may adversely affect the ability of the Funds to pursue their investment strategies, their ability to obtain leverage and financing and the value of investments held by the Funds. There has been an increase in governmental, as well as self regulatory, scrutiny of the alternative investment industry in general. For instance, the SEC issued an emergency order in September 2008 temporarily banning short-selling of publicly traded securities of certain financial firms and requiring institutional investment managers, including hedge fund managers, to file a report each week disclosing their short selling and short positions in most U.S.-listed equity securities for each day of the prior week. On or about the same time, other jurisdictions (e.g., United Kingdom, Australia, Ireland) enacted emergency regulations, imposing similar regulations to those enacted by the SEC. It is impossible to predict what, if any, changes in regulations may occur, but any regulations which restrict the ability of the Funds to trade in securities or the ability of the Funds to employ, or brokers and other counterparties to extend, credit in their trading (as well as other regulatory changes that result) could have a material adverse impact on the Funds' portfolios.

The Funds and Chalkstream may also be subject to regulation in jurisdictions in which the Funds and Chalkstream engage in business. Investors should understand that the Funds' business is dynamic and is expected to change over time. Therefore, the Funds may be subject to new or additional regulatory constraints in the future. We cannot address or anticipate every possible current or future regulation that may affect Chalkstream, the Funds or their businesses. Such regulations may have a significant impact on the investors or the operations of the Funds, including, without limitation, restricting the types of investments the Funds may make, preventing the Funds from exercising its voting rights with regard to certain financial instruments, requiring the Funds to disclose the identity of their investors or otherwise.

Chalkstream may, in its sole discretion, cause the Investment Funds to be subject to such regulations if it believes that an investment or business activity is in the Investment Funds' interest, even if such regulations may have a detrimental effect on one or more investors in the Investment Funds. Prospective investors are encouraged to consult their own advisors regarding an investment in the Funds.

Limited Liquidity. An investment in the Funds provides limited liquidity since interests/shares are not freely tradable and generally an investor has limited rights to withdraw/redeem all or a portion of its interests/shares. Additionally, an investor has no right to withdraw/redeem any of its interest/shares related to Special Investments. Special Investments such as private equity funds should be expected to take up to three to five years or longer to draw down capital from the Investment Funds and up to 10 years or longer to return capital and profits, if any, to the Investment Funds. In addition, certain investments, e.g., seed deals and real estate investments, may have even longer durations and, if successful, may continue to generate K-1 statements for investors in the Domestic Investment Fund for an indeterminate number of years. Furthermore, distributions of proceeds upon an investor's redemption may be delayed or limited, in Chalkstream's discretion, because of restrictions imposed upon redemptions or payments of amounts redeemed by any Hedge Fund in which, or any investment advisory agreements under which, the Funds' assets have been invested, or where the disposal of part or all of the Funds' assets to meet redemption requests would be prejudicial to any investor. The Funds may also temporarily suspend the right of investors to make withdrawals/redemptions if Chalkstream or its affiliates, in their discretion, determine that the value of the assets of the Funds cannot fairly be computed due to market disruption, the suspension of trading in any market, or other unusual events.

Limited Rights and Information. As an investor in a Hedge Fund or Special Investment, each of the Funds has limited rights with respect to its investment interest, including limited voting rights and participation in the management of the applicable portfolio fund. A portfolio fund that the Funds invest in that is managed and advised by a Portfolio Manager (with respect to Hedge Fund investments) or other manager (with respect to Special Investments) (other than Chalkstream) is not subject to transparency requirements, including transparency with respect to pricing and valuation information or trading strategies of the portfolio fund. In addition, some portfolio funds further restrict the amount and type of information that its investors that are pooled investment vehicles, such as the Funds, may disclose to their own investors. Accordingly, investors will not be entitled to receive the same information, including offering documentation and certain details regarding investment returns, as those investing directly in such portfolio funds. In addition, because the Funds (and not the investors in the Funds) is the investor in a portfolio fund, investors themselves do not have the rights (contractually or under securities laws) with respect to such portfolio fund that are available to such portfolio fund's direct investors.

Counterparty Default. The stability and liquidity of repurchase agreements, swap transactions, forward transactions and other over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transactions. It is expected that the Funds will monitor on an ongoing basis the creditworthiness of firms with which they will enter into repurchase agreements, interest rate swaps, caps, floors, collars or other over-the-counter derivatives. If there is a default by the counterparty to such a transaction, the Funds will under most normal circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in the net asset value of the Funds being less than if the Funds had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent. In September 2008, Lehman Brothers Holdings Inc., a major investment bank based in the United States, filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code. While none of its U.S. broker-dealer subsidiaries was included in the Chapter 11 filing and all of its U.S. registered broker-dealer subsidiaries currently continue to operate, certain of Lehman Brothers subsidiaries, including Lehman Brothers International (Europe) ("LBIE") have been placed under the administration chartered to wind down their respective business. If one or more of the Funds' counterparties were to become insolvent or the subject of liquidation proceedings in the United States (either under the Securities Investor Protection Act or the United States Bankruptcy Code), there exists the risk that the recovery of the Funds' securities and other assets from such prime broker or broker-

dealer will be delayed or be of a value less than the value of the securities or assets originally entrusted to such prime broker or broker-dealer.

In addition, the Funds may use counterparties located in various jurisdictions outside the United States like LBIE. Such local counterparties are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Funds' assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of their insolvency on the Funds and their assets. Investors should assume that the insolvency of any counterparty would result in a loss to the Funds, which could be material.

Cross-Portfolio or Cross-Class Liability and Class-Associated Conflicts. The Funds may allocate profits and losses attributable to a particular class of investments or transactions to particular investors. While the investment of each investor represents a separate capital account and will be maintained with separate accounting records, each Fund is one legal entity. Thus, all assets held by each Fund will be subject to potential claims relating to liabilities of such Fund, even if the liability relates to a particular type of investment in such Fund's portfolio in which not all investors participate. In practice, such cross-portfolio or cross-class liability will usually only arise where the capital accounts of investors having an interest in the assets to which such liabilities relate become insolvent, exhausted or otherwise unable to meet all such liabilities.

To the extent that an investor participates solely in a certain portion of the portfolio, such investor's investment in a Fund may be subject to greater or different risks than the investments of other investors, due to, among other reasons, geographic concentration of investments, differing degrees of diversification, greater use of borrowing and margin financing or a greater percentage exposure to certain instruments, including derivatives and other instruments with imbedded leverage.

Possible Adverse Effects of Substantial Withdrawals or Redemptions of Capital. In the event that there are substantial withdrawals or redemptions from a Fund within a limited period of time, Chalkstream may find it difficult to adjust its asset allocations and trading strategies to the suddenly reduced amount of assets under management. Similarly, in the event that there are substantial withdrawals or redemptions from a Portfolio Manager's fund within a limited period of time, the Portfolio Manager may find it difficult to adjust its asset allocation and trading strategies. Under such circumstances, in order to provide funds to pay withdrawals or redemptions, Chalkstream or the Portfolio Managers may be required to liquidate positions at an inappropriate time or on unfavorable terms. On an ongoing basis, irrespective of the period over which substantial withdrawals or redemptions occur, it may be more difficult for a Fund or a Portfolio Manager to generate additional profits operating on a smaller asset base and, as a result of liquidating assets to fund withdrawals or redemptions, that Fund may be left with a much less liquid portfolio.

Compensation Arrangements with Chalkstream and the Portfolio Managers. Chalkstream receives an incentive allocation or fee based on the net capital appreciation allocated to each investor's series of a class of interests or shares, and with respect to Special Investments in the Investment Fund only, based upon the gains realized or deemed realized or any current income from a Special Investment. The incentive allocation or fee and the incentive compensation of the Hedge Funds may create an incentive for Chalkstream and the Portfolio Managers, respectively, to make riskier investments than they might otherwise make in the absence of such compensation.

Deductibility of Management Fee Expense; HF Incentive Allocation and SI Incentive Allocation. To the extent that the Domestic Investment Fund's operations do not constitute a "trade or business" within the meaning of Section 162 and other provisions of the Code, Investors who are individuals and investors that are certain types of corporations (herein "Affected Investors") are limited in their ability to deduct investment management fee expenses of the Domestic Investment Fund to the extent that such expenses

in the aggregate exceed 2% of their adjusted gross incomes. The Domestic Investment Fund's incentive arrangement with Chalkstream follows the allocation method – i.e. Chalkstream is entitled to a share of the items of income, gain, loss and credit of the Domestic Investment Fund. Under current law, the amount of such allocation retains its character for federal income tax purposes as such reallocation occurs and the limitation described above is generally not applicable. However, the U.S. House of Representatives has passed legislation that, if enacted, would tax income and gains associated with an incentive allocation as ordinary income. As a result, if all or a portion of the incentive allocation to Chalkstream were re-characterized for tax purposes as ordinary income to Chalkstream and as an expense of the Domestic Investment Fund, there exists the risk that Affected Investors could be subject to the deduction limitations described above as to their share of the recharacterized amount. Accordingly, prospective Affected Investors are urged to consult their own tax advisors concerning this matter.

Tiered Fee Structure. The Investment Funds allocates capital to hedge funds, direct trading, private equity, real estate and other longer-duration investments in a single fund structure (the Insurance Fund only allocates capital to hedge funds). Investment management fees, incentive fees and incentive allocations are charged to or allocated from, as the case may be, the Funds by Chalkstream, the General Partner and the Portfolio Managers. As a result, the Funds, and indirectly an investor in the Funds, bear multiple fees and incentive allocations, that in the aggregate, exceed the fees and incentive allocations that would typically be incurred by a direct investment with a single Portfolio Manager or Hedge Fund. The Funds may also invest in Hedge Funds that invest in other investment vehicles (including funds managed by Chalkstream).

Independent Portfolio Managers. The Portfolio Managers generally invest wholly independently of one another and may at times hold economically offsetting positions. To the extent that the Portfolio Managers do, in fact, hold such positions, the Funds, considered as a whole, may not achieve any gain or loss despite incurring investment expenses, including, without limitation, performance-based compensation. In addition, there may often be times when a particular Portfolio Manager may receive an incentive fee in respect of the Funds' investments for a period even though the Fund's overall portfolio depreciated during such period. It is also possible that the performance of certain Portfolio Managers may be closely correlated in some market conditions, resulting (if those returns are negative) in significant losses to the Funds and their investors.

Proprietary Investment Strategies. A Portfolio Manager may use proprietary investment strategies that are based on considerations and factors that are not fully disclosed to Chalkstream or the Funds. These strategies may involve risks under some market conditions that are not anticipated by the Portfolio Manager, Chalkstream or the Funds. The Portfolio Managers generally use investment strategies that differ from those typically employed by traditional managers of portfolios of stocks and bonds. The strategies employed by the Portfolio Managers may involve significantly more risk and higher transaction costs than more traditional investment methods. The Funds seek to reduce these risks by spreading the investments of the Funds among a variety of different Portfolio Managers using investment strategies with returns that are not expected to be highly correlated with one another.

Investment and Trading Risks in General. All investments made by the Funds risk the total loss of capital. The Portfolio Managers may use such investment techniques as margin transactions, short sales, option transactions, and forward and futures contracts. In certain circumstances, these practices can maximize the adverse impact to which the Funds may be subject. No guarantee or representation is made that the Funds' investment programs, including, without limitation, the Funds' investment objectives, diversification strategies or risk monitoring goals, will be successful, and investment results may vary substantially over time.

In-Kind Distributions; Liquidating SPVs. The Funds anticipates that all distributions to investors will be made in cash, but there can be no assurance that the Funds will have sufficient cash to satisfy withdrawal requests. The Investment Funds may make distributions in kind in the sole discretion of Chalkstream and

without notifying non-affected investors, including without limitation, due to the inability to liquidate investments in Hedge Funds during a timeframe which would provide adequate funds to pay requested withdrawals. In-kind distributions may be comprised of, among other things, interests in special purpose vehicles or trading vehicles (each, a "Liquidating SPV") holding investments in Hedge Funds that were held or are being held by the Investment Funds, or participations or other derivatives instruments referring to such investments held by the Investment Funds.

If a Fund makes an in-kind distribution to a withdrawing investor then, unless otherwise determined by Chalkstream in its sole discretion, such withdrawing investor will receive interests in a Liquidating SPV or other asset, the value of which will reflect such withdrawing investor's share of the net asset value of the applicable investment on the relevant withdrawal/redemption date.

A distribution in respect of a withdrawal may be made in cash or in-kind, or any combination thereof, as determined by Chalkstream or the SALI GP, in its sole discretion. Chalkstream or the SALI GP will determine the percentage of any distribution to be made in cash and the percentage to be made in-kind, as well as the particular investments, if any, to be distributed. Unless otherwise determined by Chalkstream in its sole discretion, distributions that are made in-kind will, to the extent practicable, not be disproportionately allocated to any investor or investors. However, a prior or contemporaneous in-kind distribution to some investors will not affect the Funds' right to distribute cash to investors.

The Investment Funds expect that, in the event that the Investment Funds utilize a Liquidating SPV to facilitate in-kind distributions, Chalkstream would manage such Liquidating SPV with the intention of distributing the net proceeds attributable to the investments held by such Liquidating SPV as they are liquidated. The Liquidating SPV would not make new investments.

Investments distributed in kind may be illiquid or difficult to value, may not be readily marketable or salable and may have to be held by an investor for an indefinite period of time. Such investments will continue to be subject to market conditions and may fluctuate in value following the relevant withdrawal/redemption date. There can be no assurance that the withdrawing investor will be able to liquidate such investments at a value equal to or greater than the value of the investments determined as of the relevant withdrawal/redemption date. The risk of loss and delay in liquidating these investments will be borne by the investor, with the result that such withdrawing/redeeming investor may ultimately receive significantly less cash than it would have received following the withdrawal/redemption date if it had been paid in cash. Furthermore, to the extent that a withdrawing/redeeming investor receives interests in a Liquidating SPV, such withdrawing investor will generally have no voting rights or any control over when and at what price the investments in such Liquidating SPV are sold.

Current Market Conditions and Governmental Actions. Beginning in September and October 2008, world financial markets experienced extraordinary market conditions, including, among other things, extreme losses and volatility in securities markets and the failure of credit markets to function. In reaction to these events, regulators in the U.S. and several other countries undertook unprecedented regulatory actions and continue to consider and implement other measures to stabilize U.S. and global financial markets. However, despite these efforts and the efforts of securities regulators of other jurisdictions, global financial markets remain extremely volatile. It is uncertain whether the regulatory actions already taken or any other regulatory actions will be able to prevent further losses and volatility in securities markets, or stimulate the credit markets.

The U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") was enacted in July 2010. The Dodd-Frank Act requires extensive rulemaking and regulatory changes that will affect private fund managers, the funds that they manage and the financial industry as a whole. Additionally, under the Dodd-Frank Act, the Securities and Exchange Commission (the "SEC") has mandated (and will mandate) new recordkeeping and reporting requirements for investment advisers, which are expected to add costs to the legal, operational and compliance obligations of Chalkstream, the Portfolio Managers and possibly the Funds and increase the amount of time that Chalkstream and the Portfolio Managers spend on non-investment related activities. Until the SEC and other agencies have completed implementation of the new requirements, it is unknown how burdensome such requirements

will be. The Dodd-Frank Act affects a broad range of market participants with whom the Funds interact or may interact, including banks, non-bank financial institutions, rating agencies, mortgage brokers, credit unions, insurance companies, payday lenders and broker dealers, and may change the way in which Chalkstream and the Portfolio Managers conduct business with their counterparties. It may take years to understand the impact of the Dodd-Frank Act on the financial industry as a whole, and therefore, the continued uncertainty may make markets more volatile and make it difficult for Chalkstream to execute the investment strategy of the Portfolio and the Portfolio Managers to execute the investment strategy of the Hedge Funds in which the Funds invest.

Volatile Markets. The prices of commodities contracts and various types of derivative instruments are highly volatile. Price movements of forward contracts, futures contracts, and other derivative contracts are influenced by, among other things, interest rates; changing supply and demand relationships; and trade, fiscal, monetary and exchange control programs and policies of governments; and national and international political and economic events and policies. In addition, governments from time to time intervene in certain markets, particularly those in currencies and interest rate-related futures and options, which may cause all such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. When investing in foreign instruments, the Funds and the Hedge Funds are also subject to the risk of the failure of the exchanges on which their positions trade or of their clearinghouses resulting from less governmental regulation and intervention, and there may be a higher risk of financial irregularities or lack of appropriate risk monitoring and controls. Risks associated with investing in securities of foreign issuers are more pronounced with respect to investments in securities of issuers in emerging markets.

Trading in Securities and Other Investments That Are Less Liquid or of Longer-Duration. Certain investment positions in which the Funds have an interest, including Special Investments, are less liquid or of longer-duration. Interests in the Hedge Funds are not themselves marketable and therefore the Funds are not able to readily dispose of its interests in Hedge Funds. Hedge Funds may have their own liquidity and/or withdrawal restrictions (such as infrequent withdrawal rights or “gate” provisions). In addition, the Portfolio Managers may invest in restricted or non-publicly traded securities, securities of distressed issuers, securities traded on foreign exchanges, and futures contracts. Futures positions may be less liquid or of longer duration positions 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. Such investment positions could prevent a Portfolio Manager from liquidating unfavorable positions promptly and subject the Funds to substantial losses. This could also impair the Funds’ ability to make distributions to a withdrawing/redeeming investor in a timely manner. Similar limits may apply to securities traded on a foreign exchange.

Investments are Leveraged; Borrowing by the Fund. The Funds borrow funds to increase their buying power and potential returns to investors, as well as to facilitate timely distributions in respect of withdrawals/redemptions. Although leverage increases the investment return of the Funds if an investment purchased with borrowed funds earns a greater return than the amount that the Funds are charged for the use of those funds, the use of leverage will decrease the investment return if the Funds fail to earn as much on investments purchased with borrowed funds as it is charged for the use of those funds. The use of leverage will, therefore, magnify the volatility of changes in the value of the investments of the Funds. Investors still face the risk of losing their entire investment.

Borrowings by the Funds are secured by the Funds’ investment portfolio. Pursuant to the conditions of the loan facility through which the Funds currently obtain leverage (the “Loan”), the Funds may be required to liquidate all or a portion of their investments, among other things, to pay off the Loan. Liquidation

under those circumstances could have adverse consequences. Funds borrowed for leveraging are subject to interest costs that may or may not be recovered by the return on the Funds' investment portfolio.

The risk of the use of leverage is compounded to the extent that the Portfolio Managers with which the Funds invest employ leverage in their respective investment programs (i.e., trade securities on margin). Trading securities on margin, unlike trading in futures (which also involves margin), results in interest charges and, depending on the amount of trading activity, such charges could be substantial. The low margin deposits normally required in futures and forward trading permit a high degree of leverage; accordingly, relatively small price movement in a futures contract may result in immediate and substantial losses to the investor. Such a high degree of leverage necessarily entails a high degree of risk.

Counterparty Credit Risk. Many of the markets in which Portfolio Managers effect their transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange based" markets. To the extent a Portfolio Manager invests in swaps, derivative or synthetic instruments, or other over-the-counter transactions, on these markets, a Portfolio Manager may take credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections. This exposes a Portfolio Manager's 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 Portfolio Manager's fund to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a Portfolio Manager has concentrated its transactions with a single or small group of counterparties. In addition, in the case of a default, a Portfolio Manager's fund could become subject to adverse market movements while replacement transactions are executed. Portfolio Managers are not restricted from dealing with any particular counterparty or from concentrating any or all of their transactions with one counterparty. Moreover, the Portfolio Managers generally have no internal credit function which evaluates the creditworthiness of their funds' counterparties. The ability of Portfolio Managers to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities, and the absence of a regulated market to facilitate settlement may increase the potential for losses by the funds in which the Funds invest.

Risk Management Activities. The Funds attempt to measure and monitor risks of the Funds' portfolio and Portfolio Managers. The amount and quality of risk due diligence, measurement and monitoring is dependent on access to the portfolios and risk management systems (if any) of the Portfolio Managers. There is no assurance that the Portfolio Managers will give access to this data. When this information is unavailable, estimates of risk will be made. Efforts to measure and reduce risk may not be successful. Any Fund hedging activities designed to reduce risk may also be unsuccessful.

Deleveraging Risks. If the Funds are forced to "deleverage" the Funds in accordance with the terms of the Loan by decreasing the amount of assets invested in the Hedge Funds, there will be a corresponding reduction in the profit potential of the Funds. In addition, if a significant percentage of the Funds' assets are liquidated from the Hedge Funds in order to pay interest on the Loan and fees and expenses of the Funds, or are held in cash and cash equivalent assets in anticipation of paying interest on or repaying principal of the Loan, it is unlikely that the investment objective of the Funds will be achieved.

Co-Investments with Third Parties. The Funds may co-invest with third parties through joint ventures or other entities. Such investments may involve risks in connection with such third party involvement resulting in a negative impact on such investment, including the possibility that a third party co-venturer may have financial difficulties, may have economic or business interests or goals that are inconsistent

with those of the Funds or may be in a position to take (or block) action in a manner contrary to the Funds' investment objective. In circumstances where such third parties involve a management group, such third parties may enter into compensation arrangements relating to such investments, including incentive compensation arrangements. Such compensation arrangements will reduce the returns to participants in the investments.

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. 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 for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in forward markets due to unusually high trading volume, political intervention or other factors.

Credit Default Swaps. As one component of the Funds' investment program, Chalkstream expects to maintain a managed account with one or more credit experts who will select a portfolio generally consisting of investment-grade credits to short, typically through the purchase of credit default swaps ("CDS"). CDS can be used to implement the view that a particular credit, or group of credits, will experience credit improvement or deterioration. This managed account may buy credit default protection with respect to a referenced entity if, in the Portfolio Manager's judgment, there is a high likelihood of credit deterioration. In such instance, the managed account (and thus the Funds) will pay a premium regardless of whether there is a credit event. Additionally, in the case of expected credit improvement, the managed account may sell credit default protection in which it receives a premium to take on the risk. In such an instance, the obligation of the managed account to make payments upon the occurrence of a credit event creates leveraged exposure to the credit risk of the referenced entity. The CDS market in high-yield securities is comparatively new and rapidly evolving compared to the CDS market for more seasoned and liquid investment-grade securities, creating the risk that the newer markets will be less liquid, and making it potentially more difficult to exit or enter into a particular transaction.

Short Selling. The Portfolio Managers with which the Funds invest may engage in short selling. Short selling involves selling securities, which may or may not be owned, and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the seller to profit from a decline in market price to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which the Funds engage in short sales will depend upon Chalkstream's investment strategy and opportunities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Funds of buying those securities to cover the short position. There can be no assurance that the Funds will be able to maintain the ability to borrow securities sold short. In such cases, the Funds can be "bought in" (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Currency Trading. A portion of each Fund's assets may be invested by the Portfolio Managers in debt and equity securities denominated in non-U.S. currencies, the prices of which are determined with reference to currencies other than the U.S. dollar. The Funds, however, value their securities in U.S. dollars. Currency exchange rates are subject to sudden fluctuations of varying magnitude, and they are influenced by, among other things, government trade, fiscal, monetary and exchange control programs

and policies; national and international political and economic events; and changes in interest rates. The volatility of currency prices may render it difficult or impossible to predict or anticipate fluctuations in the value of currencies. A Hedge Fund may or may not seek to hedge its non-U.S. currency exposure by entering into currency hedging transactions, such as treasury locks, forward contracts, futures contracts and cross-currency swaps. There can be no guarantee that securities suitable for hedging currency or market shifts will be available at the time when a Hedge Fund wishes to use them, or that hedging techniques employed by a Hedge Fund will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all.

Managed Account Allocations. The Funds may place assets with certain Portfolio Managers by opening discretionary managed accounts, rather than by investing in Hedge Funds. Managed accounts expose the Funds to theoretically unlimited liability, and it is possible, given the leverage at which certain of the Portfolio Managers trade, that the Funds could lose more in a managed account directed by a particular Portfolio Manager than the Funds have allocated to such Portfolio Manager to invest. To avoid such risks, the Funds may, but are not obligated to, establish private investment vehicles that are managed by the Portfolio Managers.

Direct Investments. In addition to making investments in Hedge Funds and/or Special Investments, the Funds may also, under limited circumstances, invest or trade, on margin or otherwise, directly in securities. To the extent a Fund invests directly in securities, such investments may be subject to the same risks with respect to investment techniques and instruments as those used by Portfolio Managers and those described in connection with such Fund's investments in Hedge Funds and/or Special Investments.

Estimates. In most cases Chalkstream has no ability to assess the accuracy of the valuations received from a Portfolio Manager. Furthermore, the net asset values of the Hedge Funds provided to Chalkstream from Portfolio Managers typically are estimates only, subject to revision upon conclusion of each underlying fund's annual audit. Revisions to the Funds' gain and loss calculations are an ongoing process, and actual net capital appreciation or net capital depreciation figures may not be final until the Funds' annual audits are completed.

Dilution. To the extent that certain Portfolio Managers may limit the amount of additional capital that they will accept from the Funds, or that regulatory limitations restrict such additional investments, continued sales of interests or shares will dilute the participation of existing investors with such Portfolio Managers.

Possible U.S. Withholding Taxes. In order to avoid a U.S. withholding tax of 30% on certain payments (including payments of gross proceeds) made with respect to certain actual and deemed U.S. investments, each non-U.S. investment vehicle through which the Fund invests generally was required to register with the Internal Revenue Service (the "Service") by June 30, 2014 and agree to identify certain of its direct and indirect U.S. account holders (including equityholders and debtholders). Prospective investors should consult their own tax advisers regarding the possible implications of these rules on their investment in Interests.

Regulated Investors. Certain prospective investors may be subject to federal and state laws, rules and regulations that may regulate their participation in the Funds or their engaging directly or indirectly through an investment in the Funds in investment strategies of the type Portfolio Managers may use from time to time (e.g., short sales of securities and the use of futures, leverage and limited diversification).

Expenses May be a High Percentage of Assets. Operating expenses that are necessary for a Fund's proper operation may be a high percentage of the Fund's net asset value and, even if the Fund's strategy is successful, the Fund may still not be profitable. In some instances, when the Fund begins trading it may have substantially less assets with which to trade than it may have over time. In addition, as a result of withdrawals or other circumstances the Fund's necessary operating expenses may be a high percentage of

the Fund's net asset value. For example, it is possible that the Fund may have trading gains while the Fund's net asset value may not increase or may even decrease.

Classes and Side Letters. Each Fund has the authority to create new classes of interests or shares and enter into letter agreements or other similar agreements (collectively, "Side Letters") with one or more investors which provide such investors with additional and/or different rights (including, without limitation, with respect to access to information, management fees, incentive allocations, minimum investment amounts, investment portfolios, and liquidity terms) than other investors. As a result, should the Fund experience a decline in performance over a period of time, an investor that is party to a Side Letter that permits less notice and/or different withdrawal times may be able to withdraw interests/shares prior to other investors. The Funds will not be required to notify any or all of the other investors of any such classes or Side Letters or any of the rights and/or terms or provisions thereof, nor will the Funds be required to offer such additional and/or different rights and/or terms to any or all of the other investors. Investors will have no recourse against the Fund, Chalkstream and/or any of their affiliates in the event that certain investors receive additional and/or different rights and/or terms as a result of such Side Letters.

Security Breaches and Disruptions. In the ordinary course of business, the Funds, Chalkstream and their service providers collect and store, on such parties' networks and/or on the networks of their third party vendors, sensitive data including the intellectual property, trading data and personally identifiable information of the investors. The secure processing, maintenance and transmission of this information is critical to the Funds' operations. Despite the security measures implemented by the Funds, Chalkstream and their service providers and/or vendors, such parties' information technology and infrastructure may be vulnerable to attacks by hackers and/or breaches as a result of employee error, malfeasance or other technological disruptions. These attacks or breaches may remain undetected for an extended period of time and could compromise such networks, resulting in the information stored therein being accessed, publicly disclosed, lost and/or stolen. Any such access, disclosure or loss of information may have legal ramifications (including legal claims or proceedings, liability under laws that protect the privacy of personal information and regulatory penalties under federal and/or state securities laws) and may result in the disclosure or misuse of confidential information concerning the investors, cause reputational harm to Chalkstream and/or the Funds and increase their respective costs. All of the foregoing potential consequences of an attack or breach could negatively impact the Funds and their investors.

Need for Independent Advice. Chalkstream have consulted with counsel, accountants and other experts regarding the formation and operations of the Funds. Each prospective investor should consult its own legal, tax and financial advisors regarding the desirability of an investment in the Funds.

ITEM 9 – DISCIPLINARY INFORMATION

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

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Chalkstream is not registered, and does not have an application pending to register, as a broker-dealer.

Peter Muller is the founder, Chief Executive Officer and a principal owner of PDT Partners, LLC (“PDT”), which is registered as an investment adviser with the SEC and as a commodity pool operator with the Commodity Futures Trading Commission. One or more Funds invest in Hedge Funds managed/advised by PDT. Certain potential conflicts of interest may arise in connection with Mr. Muller’s involvement with PDT, on the one hand, and as Chairman of Chalkstream’s Investor Committee and a control person of Chalkstream, on the other hand. For example, Peter Muller’s involvement in PDT requires substantial time and effort, which time and effort he might otherwise expend in his role as Chairman of Chalkstream’s Investor Committee. In addition, even if the activities of PDT are conducted separately from the activities of Chalkstream and its affiliates, it is possible that the Commodity Futures Trading Commission and certain exchanges will require aggregation of Chalkstream Funds’ positions in certain contracts with positions held by PDT and its affiliates. Because of Peter Muller’s association with Chalkstream and PDT, the Fund(s) that invest in Hedge Funds managed by PDT are treated as insiders for investor transaction purposes. Both Chalkstream and PDT have adopted policies and procedures in connection with such activities in order to address and monitor these potential conflicts of interest.

Andrew Tsai is a member of the board of directors of Istra, LLC, a company in which the Funds are invested. Andrew Tsai and Rishi Shah may from time to time serve as a member of advisory committees of one or more portfolio companies in which the Funds are invested.

Subject to compliance with applicable law, Chalkstream may receive compensation from a portfolio manager of a investment vehicle in which the Funds are invested or a sub-advisor of the Funds in connection with services rendered by Chalkstream to such portfolio manager or sub-advisor, in which event Chalkstream may, but is not obligated to, share such compensation with the Funds.

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

Chalkstream has adopted a Code of Ethics, which is a part of Chalkstream's compliance manual and has been designed to comply with the requirements of Advisers Act Rule 204A-1. Among other things, the Code of Ethics (i) requires that all employees comply with federal securities laws, (ii) requires that all employees submit to Chalkstream reports containing their personal securities holdings and transactions in reportable securities, and that Chalkstream review such reports, (iii) requires all employees to obtain pre-approval of all personal investments, with limited exceptions; and (iv) contains policies and procedures designed to prevent the misuse of material, non-public information. It should be noted, however, that due to Peter Muller's relationship with Morgan Stanley, through December 31, 2012, Peter Muller was only required to pre-clear investments in securities in an initial public offering or in a limited offering. Effective January 1, 2013, as a result of PDT Partners, LLC's formal separation from Morgan Stanley, this distinction no longer applies, and Mr. Muller is subject to all provisions of Chalkstream's Code of Ethics. All personnel of Chalkstream are required to certify their compliance with the Code of Ethics. Clients may request a copy of Chalkstream's Code of Ethics by contacting Chalkstream at the address or telephone number listed on the first page of this Brochure.

Under the Code of Ethics, Chalkstream, its employees, affiliates or their related persons may buy, sell or otherwise invest in securities for their own accounts that they also recommend to Advisory Clients. Each such related person transaction is separately identified and made strictly in accordance with Chalkstream's Code of Ethics. In order to manage this conflict of interest, Chalkstream's Code of Ethics requires access persons of Chalkstream to obtain prior approval from the Chief Compliance Officer before engaging in all securities transactions in their personal accounts in reportable securities, with limited exceptions. Such employee transactions will be reviewed in the best interests of the Advisory Clients to assess whether any potential conflict of interests exist, and will be denied by the Chief Compliance Officer if there is a deemed risk of potential adverse consequences to the Advisory Clients.

Chalkstream serves as the investment manager, the management company or the investment sub-advisor (as applicable) to each Fund. Chalkstream, its employees, affiliates or their related persons may also invest directly or indirectly in any one, some or all of the Funds. The fact that Chalkstream, its employees, affiliates or their related persons have a financial ownership interest in the Funds creates a potential conflict in that it could cause Chalkstream to make different investment decisions than if they did not have such a financial ownership interest. Further, Chalkstream or its affiliates charge the Funds fees based on a percentage of assets under management via the management fee and based on performance via the incentive allocation or fee. The management fee is payable without regard to the overall success or income earned by the Funds and therefore may create an incentive on the part of Chalkstream to raise or otherwise increase assets under management to a higher level than would be the case if Chalkstream were receiving a lower or no management fee. The receipt of an incentive allocation or fee by Chalkstream or its affiliates may create an incentive for Chalkstream to make investments for the Funds that are riskier or more speculative than it otherwise would.

Furthermore, Chalkstream and its affiliates are not restricted from forming additional investment funds, from entering into other investment advisory relationships, or from engaging in other business activities, even though such activities may be in competition with the existing Advisory Clients and/or may involve substantial time and resources of Chalkstream. These activities could be viewed as creating a conflict of interest in that the time and effort of the members of Chalkstream and its affiliates are not devoted exclusively to the business of the existing Advisory Clients, but are allocated between the business of the existing Advisory Clients and the management of the monies of future Advisory Clients of Chalkstream. Chalkstream uses its best judgment to be fair and equitable to all Advisory Clients to minimize this conflict of interest.

A portfolio manager of a portfolio fund that the Funds invest in may directly or indirectly invest in one or more of the Funds or otherwise become an Advisory Client of Chalkstream. Chalkstream will use its best judgment to address or minimize any potential conflict of interest that may arise as a result of such ownership interest or advisory relationship.

ITEM 12 – BROKERAGE PRACTICES

Portfolio transactions for the Hedge Funds are allocated to brokers by the relevant Portfolio Manager. In selecting brokers and dealers to execute portfolio transactions, Portfolio Managers have authority to and may consider several different factors, including, among others, a broker's or dealer's ability to provide best execution, its willingness to commit capital, its financial stability, its systems, facilities and recordkeeping and its experience in handling similar transactions (based on size, market conditions and type of security, among other factors). The Portfolio Managers may also take into account a broker's and dealer's relative performance on industry surveys and studies of execution quality, the broker's and dealer's rates of commission, mark-ups and mark-downs, its applicable margin levels and financing rates and other applicable fees and charges, its overall responsiveness and the broker's or dealer's provision of research, brokerage and other products and services pursuant to soft dollar arrangements. It is expected that the Portfolio Managers utilized by Chalkstream will allocate brokerage business generally on the basis of best available execution and in consideration of such brokers' provision of brokerage, research and related services. Certain third-party Portfolio Managers, however, may receive referrals from a broker-dealer or third party. Chalkstream has no direct control over the custodial or brokerage arrangements entered into by such Portfolio Managers.

Products and services obtained through soft dollar arrangements generally may be of benefit to the Hedge Funds but may not directly relate to transactions on behalf of the Hedge Funds. Accordingly, if a Portfolio Manager determines in good faith that the amount of transaction costs (e.g., commissions, mark-ups and mark-downs) imposed by a broker or dealer is reasonable in relation to the value of the products or services provided by such broker or dealer, the Portfolio Manager may incur transaction costs to such broker or dealer in an amount greater than the amount that might be incurred if another firm were used. Portfolio Managers may utilize "soft dollar" payments for products and services that fall within the safe harbor of Section 28(e) of the Securities Exchange Act of 1934, as amended. Portfolio Managers may also use soft dollars generated on Fund transactions outside of Section 28(e)'s safe harbor to obtain non-research products and services. While it does not do so as of the date of this Brochure, Chalkstream may receive brokerage, research or research-related services or products that are paid for through the use of commission or "soft dollars", provided that such arrangements are consistent with the "safe harbor" provisions of Section 28(e).

Chalkstream may directly manage Advisory Client assets primarily for hedging purposes and therefore may be in a position to select the broker or dealer to be used for such transactions. When Advisory Client assets are managed directly by Chalkstream, Chalkstream will (as applicable) seek to achieve best execution when determining the brokers through which trades are routed and the transaction costs at which securities transactions are executed. In these circumstances, Chalkstream will generally follow the best execution guidelines outlined above.

Chalkstream does not permit Fund investors to direct brokerage.

In order to ensure that it treats all Advisory Clients fairly and equitably, it is Chalkstream's policy that when it has been determined that it is appropriate, based upon each Advisory Client's liquidity/leverage or investment restrictions or the liquidity of a particular investment opportunity, tax, structural or other reasons, to purchase or sell the same security for more than one of the Advisory Clients that it may, but shall be under no obligation to: (1) aggregate, to the extent permitted by applicable law and regulations, the securities to be purchased or sold (in the form of subscriptions or withdrawals/redemptions) in order to seek more favorable access to Hedge Funds or more favorable investment prices; and (2) to generally allocate the purchase or sale of such security among the Advisory Clients based upon the relative asset size of the Advisory Clients participating in the purchase or sale in question on that date. In the event that an investment opportunity is within the investment parameters for more than one Advisory Client but will not be allocated between such Advisory Clients on a *pro rata* basis, Chalkstream will document the

reasons why such opportunity will not be allocated *pro rata* (i.e. why an account was included/excluded from the allocation) in the applicable trade memorandum. Documenting and detailing such allocations helps to: (i) ensure that no one Advisory Client is benefiting at the expense of another; (ii) avoid the appearance of “cherry picking” favorable positions for Advisory clients which are held by principals/pay incentive fees; and (iii) document that allocation decisions are being made in the best interests of all affected Advisory Clients and made on a fair and equitable basis consistent with Chalkstream’s fiduciary obligations.

ITEM 13 – REVIEW OF ACCOUNTS

The Funds' accounts are reviewed by the following individuals: Andrew Tsai, Managing Principal and Chief Investment Officer; Rishi Shah, Principal, Investment Research; Balkir Zihnali, Principal and Chief Operating Officer; Matt Dilmaghani, Principal, Risk and Quantitative Research; and Ron Rosenstrauss, Principal and Chief Financial Officer, and Xiao-Hong Jing, General Counsel and Chief Compliance Officer.

Specifically, Mr. Tsai and Mr. Shah are both primarily responsible for managing the portfolios of the Funds. Both individuals review the portfolios and research pipeline on a recurring basis. In addition, Mr. Dilmaghani has created a proprietary risk system in which Mr. Tsai, Mr. Shah, Mr. Zihnali and Mr. Rosenstrauss can view the portfolio and exposures on a real-time basis. Mr. Dilmaghani reviews the portfolios and also performs "stress tests" on a quarterly basis and the results are shared with Mr. Tsai, Mr. Shah, Mr. Zihnali and the Investor Committee. Mr. Rosenstrauss, in coordination with the independent administrator, reconciles all trades. Mr. Rosenstrauss also reviews hedge fund and special investment custody reports issued by the custodian on a regular basis. Ms. Jing periodically reviews Chalkstream's investments with respect to consistency with applicable law and regulations.

Chalkstream provides monthly statements, periodic unaudited performance information, no less frequently than quarterly, and annual audited financial statements to investors in the Funds. All such reports are written. The Funds may agree to provide additional information to certain investors upon request.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Chalkstream may enter into written arrangements with third parties to solicit investors into Chalkstream's private investment funds. All such compensation will be fully disclosed to each investor consistent with applicable law. All such referral activities will be conducted in accordance with SEC Rule 206(4)-3 under the Advisers Act as well as relevant SEC guidance. In general, third party solicitors may receive a portion of the fees otherwise payable to Chalkstream.

ITEM 15 – CUSTODY

Chalkstream or its affiliates, by virtue of their status as the investment manager or general partner (as applicable) of the Funds, are deemed to have custody of client funds and securities because they have the authority to obtain client funds or securities, for example, by deducting advisory fees from a client's account or otherwise withdrawing funds from a client's account. Account statements related to clients are sent by qualified custodians to Chalkstream.

To ensure compliance with Rule 206(4)-2 under the Advisers Act, all investors in the Investment Funds will be provided with audited financial statements, prepared by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles, within 180 days, of the end of the Investment Funds' fiscal years. Additionally, the administrator for the Investment Funds sends monthly account statements to investors. Investors should carefully review the audited financial statements of the Investment Funds and monthly account statements upon receipt. Chalkstream may use additional qualified custodians in the future.

The Investment Funds have engaged a third-party administrator whose responsibilities include sending account statements to investors. Investment Fund investors do not receive custodial or prime brokerage statements from the administrator; however, the administrator reconciles the Investment Funds accounting records with the records of the prime brokers or custodians. As described under Item 13, investors receive monthly unaudited statements from the administrator.

ITEM 16 – INVESTMENT DISCRETION

Chalkstream has discretionary authority to manage the investments of the Investment Funds. Chalkstream is authorized to make purchase and sale decisions for the Investment Funds. As explained in Item 4 above, individual investors in the Investment Funds do not have the ability to impose limitations on Chalkstream's discretionary authority. Chalkstream does not have discretionary authority over the portfolio of the Insurance Fund. Prospective investors are provided with an offering memorandum prior to their investment and are encouraged to carefully review the offering memorandum, along with all other relevant offering documents, and to be sure that the proposed investment is consistent with their investment goals and tolerance for risk. Prospective investors must also execute a subscription agreement, which constitutes a legal, valid and binding obligation of the investor, enforceable in accordance with its terms, and a limited partnership agreement.

ITEM 17 – VOTING CLIENT SECURITIES

Chalkstream understands and appreciates the importance of proxy voting and ensuring that its proxy voting procedures are clearly described to investors. To the extent that Chalkstream has discretion to vote the proxies of the Funds it manages, Chalkstream will vote any such proxies in the best interests of the Funds and investors. Prior to voting any proxies, Chalkstream's Chief Compliance Officer will identify any potential conflicts of interest related to the proxy in question. If a conflict is identified, the Chief Compliance Officer will then decide (which may be in consultation with outside legal counsel or third party compliance consultants) as to whether the conflict is material or not. If no material conflict is identified, Andrew Tsai or a designated person will make a decision on how to vote the proxy in question. Chalkstream has retained a custodian to assist it with the receipt, processing and record-keeping of any proxies received on behalf of the Funds. Additionally, Chalkstream may retain an independent third party to vote proxies in certain situations (including situations where a material conflict of interest is identified).

Please let us know if you have any questions about, or would like to be provided with a copy of, our proxy voting procedures. Also, please let us know if you would like detailed information about how any proxies were actually voted by calling the Chief Compliance Officer, Xiao-Hong Jing, at (212) 707-6100.

ITEM 18 – FINANCIAL INFORMATION

Chalkstream is not required to include a balance sheet for its most recent fiscal year, is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients, and has never been the subject of a bankruptcy petition.