

**ANANDAR CAPITAL MANAGEMENT LP**

**March 31, 2015**

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**This brochure provides information about the qualifications and business practices of Anandar Capital Management LP, an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this brochure, please contact Christopher Sullivan at (212) 901-3404. This information has not been approved or verified by the SEC or by any state securities authority.**

**Additional information about Anandar Capital Management LP also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.**

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**Item 2. Material Changes**

Anandar Capital Management LP last filed this Part 2A of Form ADV ("Brochure") on July 18, 2014; there have been no material changes since.

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#### **Item 4. Advisory Business**

Anandar Capital Management LP (the “Adviser”) is an investment adviser with its principal place of business in New York, New York. The Adviser commenced operations in July 2014 and in connection therewith, is registered with the SEC as an investment adviser. Min Htoo is the sole managing member of Anandar CM (GP) LLC, the general partner of the Adviser. The Adviser provides investment advisory services on a discretionary basis to its clients, which include private funds that are pooled investment vehicles intended for sophisticated investors and institutional investors (collectively, the “Funds”).

The Adviser generally has broad and flexible investment authority with respect to the investment portfolios that it manages for its clients. The Adviser provides investment advisory services to its clients with respect to a wide range of investments including: investments in long and short positions in securities issued by U.S. and international high yield issuers and related instruments; investments in distressed/special situation opportunities across capital structures and market capitalizations; investments in the broader credit markets, including investment grade bonds, high yield bonds, loans and credit default swaps; investments in derivatives and other hedging instruments including, but not limited to: options, commodities and swaptions and constant maturity swaps. The Adviser currently does not tailor advisory services to the individual needs of its clients, and clients may not impose restrictions on investing in certain types of securities and other financial instruments.

As of the date of this Brochure, the Adviser has approximately \$316,969,320 in regulatory assets under management, all of which are managed on a discretionary basis. The Adviser does not manage any assets on a non-discretionary basis.

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#### **Item 5. Fees and Compensation**

##### **Asset-Based Compensation**

The asset-based compensation applicable to each client account varies and is described in more detail in the Fund’s offering memorandum or client’s investment management agreement. The Adviser is paid an asset-based investment management fee generally charged at a rate of 2.0% per annum of the net assets of the respective Fund. The management fees for the Funds are charged and paid quarterly in advance, based on the value of the assets as of the first business day of each quarter. The management fee with respect to a Fund is calculated by a Fund’s administrator and deducted by the Fund’s administrator pursuant to instructions from the Adviser.

If an investor invests in a Fund or a client invests during a quarter or makes an additional subscription during a quarter, the management fee will be charged as of the effective date of the subscription or the date of the additional contribution based on the value of the assets as of the applicable date and will be prorated for the number of months remaining in the quarter.

The management fee may be waived or reduced for an investor in a Fund that is a member, employee or affiliate of the Adviser or Anandar GP LLC (the “General Partner”), relatives of such persons, and for certain large or strategic investors.

## **Performance-Based Compensation**

The performance-based compensation applicable to each client account varies and is described in more detail in the Fund's offering memorandum. The Adviser (or an affiliate of the Adviser) may be paid annual performance-based compensation, which is compensation based on a share of net capital appreciation of the assets of a client. This performance-based compensation will generally be calculated at a rate of 20% and is subject to a loss carryforward.

The performance based compensation may be waived or modified for an investor in a Fund that is a member, employee or affiliate of the Adviser, the General Partner, relatives of such persons, and for certain large or strategic investors.

The performance-based compensation with respect to a Fund is calculated by a Fund's administrator and deducted by the Fund's administrator pursuant to instructions from the Adviser. Performance-based compensation is paid as a reallocation of net profits.

In addition to paying the management fee and performance-based compensation, client accounts are also subject to other expenses, such as legal, compliance (including expenses relating to compliance or regulatory filings, including Form PF, made with respect to a Fund's assets), administrative, audit and accounting expenses (including third-party accounting services and accounting software); shareholder proxy voting services; organizational expenses; investment expenses such as commissions, research fees and expenses (including research-related travel, Bloomberg and similar subscriptions and data services); portfolio valuation expenses (including data feeds and third-party valuation agents); trading-related technology software costs deemed by the Adviser to benefit a Fund such as portfolio, order and risk management systems; interest on margin accounts and other indebtedness; fees and expenses related to sourcing, evaluating, consummating, monitoring and enforcing specific investments; borrowing charges on securities sold short; custodial fees; bank service fees; Fund-related insurance costs (including D&O and E&O insurance for the Adviser and outside directors of a Fund); directors' fees and expenses; and any other expenses related to the purchase, sale or transmittal of Fund assets.

Client assets have been invested in ETFs or other registered investment companies. In these cases, the client will bear its pro rata share of the investment management fee and other fees of such fund, which are in addition to the management fee paid to the Adviser. The Adviser manages a master-feeder structure and accordingly, the feeder funds in such structure each bear their pro rata share of the expenses of the master fund. In addition, clients will incur brokerage and other transaction costs. Please refer to Item 12 of this Brochure for a discussion of the Adviser's brokerage practices.

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## **Item 6. Performance-Based Fees and Side-by-Side Management**

The Adviser (or an affiliate of the Adviser) receives performance-based compensation from clients. In addition, certain personnel of the Adviser are typically compensated on a basis that includes a performance-based component.

The Adviser and its investment personnel provide investment management services to multiple clients. Certain client accounts may have higher asset-based fees or more favorable performance-based compensation arrangements than other accounts. When the Adviser and its investment personnel manage more than one client account a potential exists for one client account to be favored over another client account. To the extent that the Adviser's client accounts are managed in accordance with substantially similar investment strategies, there may be significant overlap in the securities and other financial instruments purchased or sold on behalf of such client accounts. Simultaneous identical portfolio transactions for one client may tend to decrease the prices received, or increase the prices required to be paid, by such client for its portfolio sales and purchases. To mitigate the risk of favoring certain clients over others, the Adviser has implemented policies and procedures intended to address conflicts of interest relating to the management of multiple client accounts and the allocation of investment opportunities.

The Adviser reviews the performance of client accounts for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts is also regularly compared to determine whether there are any unexplained significant discrepancies. In addition, the Adviser generally allocates positions across client accounts pro rata based upon the size of the client accounts, however, as described below, allocations may differ among client accounts based on certain factors. Because of the difference in client investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among clients in positions held. The following factors may be taken into account by the Adviser in allocating securities and other financial instruments among investment advisory clients: the client's investment objective and strategy; risk profile; tax status; regulatory requirements; any restrictions placed on a client's portfolio by the client, by virtue of federal or state law (such as the Employee Retirement Income Security Act of 1974, as amended); size of the client's account; total portfolio invested position; nature of the security or other financial instrument to be allocated; size of available position; supply or demand for a security or other financial instrument at a given price level; current market conditions; timing of cash flows and account liquidity; and any other information determined to be relevant to the fair allocation of securities and other financial instruments.

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### **Item 7. Types of Clients**

The Adviser's clients currently consist of the Funds, however, the Adviser may serve as investment manager to other client accounts in the future.

With respect to the Funds, the initial and additional subscription minimums are disclosed in the offering memorandum for each Fund, which may be waived at the discretion of the Adviser.

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

The Fund seeks to achieve its investment objective primarily by employing various event-driven strategies on a global basis, although it may also utilize other strategies from time to time to an extent. Event-driven strategies concentrate on the profit potential created by key events in a company's life cycle and capital structure. Because different events are present throughout the life cycle of most companies, the Advisor believes event-driven strategies offer opportunities across market cycles although volume and type may vary due to market conditions. The Fund uses instruments across equity and credit asset classes to express its fundamental views on the impact and likelihood of such events. Individual positions, taken and structured, are expected to be profitable if and when a particular event comes to pass. A variety of techniques are used to seek to mitigate the risk of loss if that event does not happen.

Investing in securities involves significant risks, including the risk of loss of some or all of an investment. An investment by investors in a Fund may be deemed speculative and is not intended as a complete investment program as each 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 a Fund. Prospective investors should speak with their legal, tax and financial advisors prior to making an investment with the Adviser. The following summary identifies the material risks related to the Adviser's significant investment strategies and should be carefully evaluated before making an investment with the Adviser; however, the following does not intend to identify all possible risks of an investment with the Adviser or provide a full description of the identified risks.

#### **Material Risks**

*High Yield Loans and Bonds.* The Adviser invests clients' assets in high yield loans and bonds and preferred securities that are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower rating categories are subject to greater risk of

loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer's ability to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those for higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold.

*Investments in Troubled Companies.* Certain clients invest in debt and equity securities, loans, private claims and other financial instruments and obligations of troubled companies which may result in significant returns to the client, but which involve a substantial degree of risk. Clients may lose its entire investment in a troubled company, may be required to accept cash or securities with a value less than the client's investment and may be prohibited from exercising certain rights with respect to such investment. Troubled company investments may not show any returns for a considerable period of time. Funding a plan of reorganization involves additional risks, including risks associated with equity ownership in the reorganized entity. Troubled company investments may be adversely affected by state and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the U.S. Bankruptcy Court's discretionary power to disallow, subordinate or disenfranchise particular claims. Investments in securities and private claims of troubled companies made in connection with an attempt to influence a restructuring proposal or plan of reorganization in a bankruptcy case may also involve substantial litigation.

*Loans.* Certain clients invest in corporate secured or unsecured loans acquired through assignment or participations. These instruments are not equity securities. In purchasing participations, such clients will usually have a contractual relationship only with the selling institution, and not the borrower. Clients generally will have no right directly to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set-off against the borrower, nor will they have the right to object to certain changes to the loan agreement agreed to by the selling institution. Clients may not directly benefit from the collateral supporting the related secured loan and may not be subject to any rights of set-off the borrower has against the selling institution.

*Equity Securities.* The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geopolitical risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

*Non-U.S. Securities.* Non-U.S. securities, non-U.S. currencies, and securities issued by U.S. entities with substantial non-U.S. operations can involve additional risks relating to political, economic, or regulatory conditions in non-U.S. countries. These risks include fluctuations in non-U.S. currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some non-U.S. markets. All of these factors can make non-U.S. investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, non-U.S. markets can perform differently from the U.S. market.

*Leverage.* Performance may be more volatile due to a client employing leverage.

*Short Selling Risk.* The Adviser's investment program includes short selling. Short selling transactions expose the Adviser to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by the Adviser in connection with a short sale would need to be returned to the securities lender on short notice.

If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a “short squeeze” can occur, wherein the Adviser might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

*Hedging.* There can be no assurances that a particular hedge is appropriate, or that certain risk is measured properly. Further, while the Adviser may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the Adviser’s investment portfolios than if the Adviser did not engage in any such hedging transactions.

*Interest Rate Risks.* Generally, the value of fixed-income securities changes inversely with changes in interest rates. As interest rates rise, the market value of fixed-income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed-income securities tends to increase. This risk is greater for long-term securities than for short-term securities.

*Currency Exposure Risk.* Certain investments may be denominated in non-U.S. currencies; however, a client’s assets will be valued in U.S. dollars. A change in the value of such non-U.S. currencies against the U.S. dollar will result in a corresponding change in the U.S. dollar value of a client’s assets denominated in those currencies. Foreign currency exchange rates are determined by forces of supply and demand. These forces are, in turn, affected by international balance of payments and other economic and financial conditions, government intervention, speculation and other factors. Foreign currency exchange rates may also be impacted by government intervention in the foreign exchange markets. The Adviser may decide to hedge the non-U.S. currency risk exposure by entering into foreign exchange forward contracts.

*Derivatives.* Swaps, and certain options and other custom derivative or synthetic instruments are subject to the risk of nonperformance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty. In addition, investments in derivative instruments require a high degree of leverage, meaning the overall contract value (and, accordingly, the potential for profits or losses in that value) is much greater than the modest deposit used to buy the position in the derivative contract. Derivative securities can also be highly volatile. The prices of derivative instruments and the investments underlying the derivative instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the client or the Adviser. Further, certain transactions in derivative instruments are not undertaken on recognized exchanges, and will expose the client’s account to greater risks than regulated exchange transactions that provide greater liquidity and more accurate valuation of securities.

#### **Risks Associated with Types of Securities that are Primarily Recommended (including significant or unusual risks)**

*Special Situations.* The Adviser invests in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security, the value of which will be less than the purchase price to a client of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, a client may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies, there is a potential risk of loss by a client of its entire investment in such companies.

*Credit Default Swaps.* In addition to general market risk, credit default swaps are subject to liquidity and credit risk. The buyer of credit default swaps will incur a loss if the seller fails to perform on its obligation should a credit event occur. In certain circumstances, the buyer can receive the notional value of a credit default swap by delivering a physical security to the seller, and is at risk if the deliverable security is unavailable or illiquid. Additionally, in the event of a default, the timing of any payment may be at the



discretion of an auction/bond delivery or settlement process.

*Investments in Troubled Companies.* The Adviser invests in debt and equity securities, loans, private claims, and other financial instruments and obligations of troubled companies which may result in significant returns to a client account, but which involve a substantial degree of risk. Troubled company investments may not show any returns for a considerable period of time and investments in such companies may be adversely affected by state and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the U.S. Bankruptcy Court's discretionary power to disallow, subordinate or disenfranchise particular claims.

*Options.* Options can be highly volatile and the prices of options can be subject to large swings. The values of options are subject to many factors including, but not limited to, time decay, volatility and interest rates. Because option premiums paid or received by an investor are small in relation to the market value of the investments underlying the options, buying put and call options can result in large amounts of leverage.

*Futures and Other Derivatives.* These instruments can be highly volatile and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin. In addition, daily limits on price fluctuations and speculative position limits on exchanges may prevent prompt liquidation of positions resulting in potentially greater losses.

*Total Return Swaps.* The terms of the total return swap will reflect the discretion of the Adviser in various respects, including the form of such transaction, the counterparty thereto, the inherent borrowing costs reflected therein and various other terms. Although the Adviser will use its best efforts to procure the most efficient counterparties and terms, there is no guarantee that the total return swap entered into with respect to a client will reflect the best available or most efficient terms, that it will be with the optimal counterparty or that it will achieve the desired exposure to the reference asset. In addition, the total return swap will have a finite term after which it will expire or terminate. Further, the total return swap will be subject to various termination and trigger events that may result in an early termination or adjustment of the total return swap. There is no guarantee that it will be possible for a client to enter into a comparable replacement total return swap upon any such expiration or termination, and accordingly a client may enter into a replacement total return swap on less desirable terms than the expiring total return swap, or alternatively may be obligated to liquidate its assets, compulsorily redeem its shares or interests or pursue alternative means of acquiring its desired exposure.

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#### **Item 9. Disciplinary Information**

This Item is not applicable.

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#### **Item 10. Other Financial Industry Activities and Affiliations**

The Adviser has entered into agreements with certain strategic investors in the Funds pursuant to which such investors receive portions of the fees and performance-based compensation otherwise payable to the Adviser or its related person.

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#### **Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

The Adviser has adopted a Code of Ethics (the "Code") that obligates the Adviser and its related persons to put the interests of the Adviser's clients before their own interests and to act honestly and fairly in all respects in their dealings with clients. In addition to compliance with the Adviser's policies and procedures, all of the Adviser's personnel are required to comply with all applicable laws including the federal securities laws.

The Adviser and its related persons may give and/or receive gifts, services or other items to/from any person or entity that does business with or potentially could conduct business with or on behalf of the Adviser. To ensure that these exchanges are conducted in a manner that does not adversely affect the Adviser's clients and in a manner consistent with the fiduciary duty owed by the Adviser to its clients, the Adviser has adopted policies and procedures governing gifts and business entertainment, which includes an annual disclosure of gifts and business entertainment in excess of certain de minimis thresholds and pre-clearance by the Chief Compliance Officer prior to giving/receiving gifts above a certain de minimis threshold.

The Adviser, in the course of its investment management and other activities (e.g., board or creditor committee service), may come into possession of confidential or material nonpublic information about issuers, including issuers in which the Adviser or its related persons have invested or seek to invest on behalf of clients. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. The Adviser maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that the Adviser is meeting its obligations to its clients and remains in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but the Adviser will be prohibited from communicating such information to the client or using such information for the client's benefit. In such circumstances, the Adviser will have no responsibility or liability to the client for not disclosing such information to the client (or the fact that the Adviser possesses such information), or not using such information for the client's benefit, as a result of following the Adviser's policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

Clients or prospective clients may review a copy of the Code by contacting Christopher Sullivan, the Adviser's Chief Compliance Officer by telephone at (212) 901-3404 or email: [chris.sullivan@anandarcapital.com](mailto:chris.sullivan@anandarcapital.com).

It is the Adviser's policy that its related persons may not engage in any transactions in his or her personal account in single name securities. The Adviser believes that such policy minimizes potential conflicts of interests presented when, because of the information the Adviser has, the Adviser or its related persons are in a position to trade in a manner that could adversely affect clients (e.g., place their own trades before or after client trades are executed in order to benefit from any price movements due to the clients' trades). In addition to affecting the Adviser's or its related persons' objectivity, these practices by the Adviser or its related persons may also harm clients by adversely affecting the price at which the clients' trades are executed.

The Adviser has adopted the following procedures in an effort to minimize such conflicts. The Adviser's directors/managers, officers, employees or access persons are not permitted to engage in any transactions in his or her personal accounts in single name securities, with the exception of certain pre-existing positions held by the employee prior to the commencement of his or her employment with the Adviser. In addition, the Adviser's employees must pre-clear transactions in their personal accounts in non-single name securities with the Chief Compliance Officer, who may deny permission to execute the transaction if such transaction will have any adverse economic impact on one of the Adviser's clients. All of the Adviser's employees are required to disclose their holdings upon commencement of employment

with the Adviser and on an annual basis thereafter. All of the Adviser's employees are also required to provide monthly and quarterly brokerage statements. Employee accounts are reviewed by the Chief Compliance Officer (or his designee).

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## **Item 12. Brokerage Practices**

The Adviser considers a number of factors in selecting a broker-dealer or counterparty to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's (or counterparty's) compensation. Such factors include, but are not limited to, financial stability or creditworthiness; the actual executed price and the commission or spread; research (including economic forecasts, investment strategy advice, fundamental and technical advice on securities and other financial instruments, valuation advice and market analysis), custodial and other services provided for the enhancement of the Adviser's general portfolio management capabilities; type of settlement (delivery versus payment vs. free delivery); the size and type of the transaction; the difficulty of execution and the ability to handle difficult trades; willingness of the broker or counterparty to make a market; and the operational facilities of the brokers and/or dealers involved (including back office efficiency). In selecting a broker-dealer or counterparty to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates; thus, a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. The Adviser's Chief Compliance Officer and selected employees of the Adviser meet periodically to evaluate the broker-dealers and counterparties used by the Adviser to execute client trades using the foregoing factors.

The Adviser may receive research or other products or services other than execution from a broker-dealer and/or counterparty in connection with client transactions. This is known as a "soft dollar" relationship. The Adviser will limit the use of "soft dollars" to obtain research and brokerage services to services of a type that would qualify as research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)").

When the Adviser uses client commissions to obtain Section 28(e) eligible research and brokerage products and services, the Adviser's Chief Compliance Officer and traders meet periodically to review and evaluate its soft dollar practices and to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transaction or the Adviser's overall responsibilities to the accounts or portfolios over which the Adviser exercises investment discretion.

The Adviser may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), resulting in higher transaction costs for clients. The use of client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, the Adviser will not have to pay for the products and services itself. This creates an incentive for the Adviser to select or recommend a broker-dealer based on its interest in receiving those products and services.

Any soft dollars used from a particular client account will only be used for the benefit of that particular client. Accordingly, research and brokerage services obtained by the use of commissions arising from a client's portfolio transactions is used by the client and thus, the client is generally the direct or indirect beneficiary of the research or brokerage services provided.

The Adviser and its related persons did not acquire any products or services with client brokerage commissions (or markups or markdowns) within its last fiscal year.

In some instances, the Adviser may obtain a product or service that is used, in part, by the Adviser for Section 28(e) eligible purposes and, in part, for other purposes. In such instances, the Adviser will make a good faith effort to determine the relative proportion of the product or service used to assist the Adviser in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). Such determination will be made based on the Adviser's evaluation of the research and non-research uses of the product. The proportion of the product or service attributable to assisting the Adviser in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by client transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by the Adviser from its own resources. The determination of the appropriate allocation of "mixed use" products and services creates a potential conflict of interest between the Adviser and clients.

From time to time the Adviser may participate in capital introduction programs arranged by broker-dealers, including firms that serve as prime brokers to a private fund managed by the Adviser or recommend investments in these private funds as investments to the clients of the broker-dealer. The Adviser may place client portfolio transactions with firms who have provided capital introduction opportunities, if the Adviser determines that it is otherwise consistent with seeking best execution. In no event will the Adviser select a broker-dealer as a means of remuneration for recommending the Adviser or any other product managed by the Adviser (or an affiliate) or affording the Adviser with the opportunity to participate in capital introduction programs. In addition, while the Adviser recognizes that it may have an incentive to favor broker-dealers that provide capital introduction services to the Adviser or otherwise refer prospective clients or investors for a Fund, the Adviser does not select broker-dealers in recognition of the opportunity to participate in such capital introduction events or the referral of investors.

The Adviser addresses the potential conflicts of interest in connection with its brokerage practices through its best execution review process. The Adviser's best execution review process includes an analysis of overall performance of broker-dealers in light of the amount of business directed to such broker-dealers. To the extent the Adviser determines that the amount of business directed to a particular broker-dealer is inconsistent with the overall performance of such broker-dealer, the Adviser will work towards scaling back the amount of business directed to the broker-dealer unless there is a compelling reason for such allocation, including, but not limited to, the availability of a particular security or their expertise in a particular sector.

The Adviser may purchase or sell the same security or other financial instrument for multiple clients contemporaneously and using the same executing broker/dealer or counterparty. It is the Adviser's practice, when appropriate, to aggregate client orders for the purchase or sale of the same security or other financial instrument submitted at or near the same time for execution using the same executing broker/ dealer or counterparty. Such aggregation may enable the Adviser to obtain a more favorable price or a better commission rate for clients based upon the volume of a particular transaction. Prior to the order being filled, the allocation of the order across various client accounts will be determined based on each client's strategy. When an aggregated order is completely filled, the Adviser will allocate the investment based upon the predetermined allocation methodology among the participating accounts, based on the purchase or sale order. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or excessively small allocations.

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**Item 13. Review of Accounts**

Each client account is reviewed by the Chief Compliance Officer, with the assistance of the portfolio managers, if necessary, on a periodic basis to determine whether each account is being managed in a manner that is consistent with the client's investment objectives, guidelines and/or restrictions, as communicated to the Adviser. Matters reviewed include specific investments held, adherence to investment guidelines and the performance of each client account. Significant market events affecting the prices of one or more securities in client accounts or changes in the investment objectives or guidelines of a particular client may trigger reviews of client accounts on other than a periodic basis.

Investors in the Funds receive reports in accordance with the terms of each Fund's offering memorandum.

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**Item 14. Client Referrals and Other Compensation**

The Adviser may receive certain research or other products or services from broker-dealers through "soft-dollar" arrangements. These "soft-dollar" arrangements create an incentive for the Adviser to select or recommend broker-dealers based on the Adviser's interest in receiving the research or other products or services and may result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates and may result in higher transaction costs than would otherwise be obtainable by the Adviser on behalf of its clients. Any soft dollars used from a particular client account will only be used for the benefit of that particular client.

Please see Item 12 for further information on the Adviser's "soft-dollar" practices, including the Adviser's procedures for addressing conflicts of interest that arise from such practices.

The Adviser does not plan to make any payments to third-party solicitors for client referrals.

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**Item 15. Custody**

An affiliate of the Adviser is deemed to have custody of client assets due to serving as the general partner to a U.S. limited partnership and intends to comply with Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended (the "Custody Rule") by meeting the conditions of the pooled vehicle annual audit provision.

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**Item 16. Investment Discretion**

The Adviser provides investment advisory services to clients on a discretionary basis. Prior to assuming discretion over a client's assets, the Adviser enters into an investment management agreement or other agreement that sets forth the scope of the Adviser's discretion. The Adviser has the authority to determine the securities or other financial instruments and the amount of the securities or other financial instruments to be purchased or sold for client accounts.

The Adviser has entered, and may in the future enter into additional agreements, or "side letters", with certain prospective or existing investors in pooled investment vehicles whereby such investors may be subject to terms and conditions that are more advantageous than those set forth in the applicable offering memorandum of a Fund. For example, certain government-related investors (e.g. pensions), as a condition of their investment, may require that the Adviser agree to certain notifications or to comply with the investor's status-specific requirements. In addition, the terms and conditions of side letters may provide for special rights to make future investments; special redemption rights relating to frequency, notice or the reduction of redemption fees; a waiver or rebate in fees and/or other terms; rights to receive

reports on a more frequent basis or that include information not provided to other investors (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may be negotiated by the Fund and such investor.

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**Item 17. Voting Client Securities**

To the extent the Adviser has been delegated proxy voting authority on behalf of its clients, the Adviser complies with its proxy voting policies and procedures that are designed to ensure that in cases where the Adviser votes proxies with respect to client securities, such proxies are voted in the best interests of its clients. In fulfilling its obligations to advisory clients, the Adviser endeavors to act in a manner that will enhance the economic value of the underlying securities held by each advisory client.

Investors in the Funds are not permitted to direct their votes in a particular solicitation.

If a material conflict of interest between the Adviser and a client exists, the Adviser will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of the client or take some other appropriate action.

Clients may review a copy of the Adviser's proxy voting policies and procedures and information about how the Adviser voted proxies by contacting Christopher Sullivan, the Adviser's Chief Compliance Officer by telephone at (212) 901-3404.

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**Item 18. Financial Information**

This Item is not applicable.