

Part 2A of Form ADV: Early Harvest Management, LP - Brochure

Item 1 - Cover Page

May 27, 2015

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This Brochure provides information about the qualifications and business practices of Early Harvest Management, LP. If you have any questions about the contents of this brochure, please contact us at (212) 527-7586. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Early Harvest Management, LP (hereinafter referred to as the "Adviser" or "firm") is an investment adviser that has applied for registration with the SEC. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an investment adviser provide you with information about which you determine to hire or retain an investment adviser.

Additional information about Early Harvest Management, LP also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 - Material Changes

On May 27, 2015, the firm submitted its investment adviser registration application to the Securities and Exchange Commission. As of May 27, 2015, the firm's regulatory assets under management were \$32,647,763.

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Item 4 - Advisory Business

- A. The Adviser is a Delaware limited liability company and has its principal place of business located in New York City, New York. The Adviser provides discretionary investment advisory services to (i) an exempted Cayman Island Master Fund, (ii) an Onshore Feeder Fund, and (iii) a Cayman Island exempted Offshore Feeder Fund for sophisticated, qualified investors (the “Funds”); and (iv) separately managed accounts including high net worth individuals, retirement plans, trusts, partnerships, corporations, or other businesses (the “Accounts” and, together with the Funds, the “Clients”).¹

The Adviser was formed in 2013 by its founder, Jeff Comisarow. Mr. Comisarow is the sole owner and principal of the Adviser.

- B. The Adviser seeks to generate absolute returns while minimizing volatility through pursuing a long-short equity strategy focusing primarily on biotech and specialty pharmaceuticals companies in the healthcare sector.
- C. While each of its Clients will follow the general strategy stated above, the Adviser may tailor the specific advisory services with respect to each Client based on the particular investment objectives and strategies described in the applicable Client’s (i) confidential offering memorandum or separate account agreement (as applicable) and (ii) governing documents (referred to collectively as “Offering Documents”).

All discussion of the Clients in this Brochure, including but not limited to their investments, the strategies used in managing the Clients, and conflicts of interest faced by the Adviser in connection with the management of the Clients are qualified in their entirety by reference to each Client’s respective Offering Documents.

- D. The Adviser does not participate in wrap fee programs.
- E. As of May 27, 2015, the Adviser manages \$32,647,763 in discretionary assets and \$0 in non-discretionary assets.

¹ As a registered investment adviser, the Adviser owes a fiduciary duty to all of its clients. In 2006, the decision by the Court of Appeals for the D.C. Circuit in *Goldstein v. SEC*, 451 F.3d 873 (D.C. Cir. June 23, 2006), with respect to private funds, clarified that the “client” of an investment adviser to a private fund is the fund itself and not an investor in the fund.

Item 5 - Fees and Compensation

- A. Below is a discussion of how the Adviser is compensated in connection with providing advisory services to its Clients. The Adviser may enter into different fee arrangements on a Client by Client basis.

Fund

The Funds will consist of two classes, a Founders Class and Class A.

Management Fees. For its services to the Fund, the Adviser is entitled to a management fee (the “Management Fee”) at an annual rate of (i) one and a half percent (1.50%) for the Founders Class or (ii) two percent (2.00%) for Class A of the capital account balances of members admitted to the Funds. The Management Fee is calculated each calendar quarter and paid each calendar quarter in advance. Capital contributions accepted after the commencement of a calendar quarter will be subject to a pro-rated Management Fee.

Performance Allocation. The Adviser is entitled to a performance-based profit allocation at the end of each calendar year equal to (i) fifteen percent (15%) for the Founders Class or (ii) twenty percent (20%) for Class A of the amount, determined as of the end of each calendar year with respect to each Member, by which such Member’s positive performance change for the year, if any, exceeds any positive balance in such Member’s loss carryforward account as of the close of the calendar year after all adjustments thereto effective as of such date. (the “Performance Allocation”).

Organizational Expenses. The Fund bears the expenses of the organization of the Partnership and the offering of membership interests (including legal and accounting fees, printing costs, travel, all regulatory filing fees and expenses and out-of-pocket expenses). The organizational expenses borne by the Fund are described in more detail in the Funds’ Offering Documents.

Direct Expenses of the Fund. The Fund is responsible for all direct expenses related to its operations and activities, including all of its expenses associated with its investment portfolio, including brokerage commissions and other transaction costs. The Fund bears the full cost of expenses related to proxies, underwriting and private placements, brokerage commissions, interest on debit balances or borrowings, custody fees and any withholding or transfer taxes imposed on the Fund. The Fund also bears all out-of-pocket costs of the administration of the Fund, including accounting, audit, compliance (including all regulatory filing fees and expenses), legal and other professional expenses, research-related travel and expenses, costs of any litigation or investigation involving the Funds’ activities, and costs associated with reporting and providing information to existing and prospective members. However, the Adviser may, in its sole discretion, choose to absorb any such expenses incurred on behalf of a Fund.

Withdrawals. Members of the Funds are allowed to make withdrawal requests, subject to certain restrictions. Each member is subject to a three percent (3.0%) withdrawal fee on its capital account if a withdrawal is requested within one year (the “lock-up period”) of the member’s initial investment in the Funds. During the lock-up period, each member of the Funds is permitted to make complete or partial withdrawals of such member’s interest in the Funds on the last business day of each calendar quarter, provided that such member has given

irrevocable written notice to the Adviser or its designee at the Adviser's principal office at least forty five (45) days prior to the proposed withdrawal date indicating the amount to be withdrawn from such Member's capital account in such notice.

Separate Accounts

Management Fees. The fees and expenses associated with the Accounts will be negotiated with each Account and are described in detail in the each Account's Offering Documents. Generally, the Adviser will be entitled to a management fee of two percent (2.0%) of an Account's assets.

Performance Fees. Separate Accounts may be charged a performance fee of twenty percent (20%) per annum. The performance fee will be calculated based on net profits. The Management Fee and performance fee will generally be paid from the Account upon invoice to the custodian.

Miscellaneous

The Adviser may agree with certain investors to a variation of the terms set forth in a Client's Offering Documents, including different Management Fees, Performance Allocations/performance fees, or withdrawal/redemption rights.

- B. Management Fees and Performance Allocations from the Fund are deducted directly from the capital accounts of the Funds' investors and Management Fees and performance fees are paid from the Accounts upon invoice to the custodian, each as indicated in Item 5.A. above.
- C. Clients will incur brokerage and other transaction costs. Item 12 of this brochure discusses how the Adviser selects brokers and determines the reasonableness of their compensation. The direct expenses borne by each Client are described in more full detail in each Client's Offering Documents.
- D. As stated above, Fund Management Fees are payable quarterly in advance. Once paid, the Management Fee is non-refundable.
- E. Other than as described above, neither the Adviser nor any of its supervised persons receives any compensation from the sale of securities or other investment products.

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

As stated in Item 5 above, the Adviser or its affiliates receive performance-based fees or allocations from certain Clients. These payments are subject to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3, which requires that performance-based fees only be charged to “qualified clients” (as such term is defined in Rule 205-3).

Performance-based fees, in general, may create an incentive for an adviser or its supervised persons to make investments that are riskier and more speculative than would be the case in the absence of a performance-based fee. Such fee arrangements may also create an incentive to favor higher fee paying clients over other clients in the allocation of investment opportunities. To address these conflicts of interest with respect to any future clients, the Adviser will implement policies and procedures to ensure that all clients receive equitable and fair treatment over time with respect to the allocation of investment opportunities.

Item 7 - Types of Clients

As mentioned in Item 4, the Adviser provides investment advisory services to (i) an exempted Cayman Island Master Fund, (ii) an Onshore Feeder Fund, and (iii) a Cayman Island exempted Offshore Feeder Fund for sophisticated, qualified investors (the “Funds”); and (iv) separately managed accounts including high net worth individuals, retirement plans, trusts, partnerships, corporations, or other businesses (the “Accounts” and, together with the Funds, the “Clients”).

The minimum investment in a Fund is \$3,000,000 for the Founders Class and \$1,000,000 for Class A. Generally, there is no stated minimum for opening a separately managed account.

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

Investment Strategy Overview

The Adviser's principal trading objective (through its investment in the Master Fund) is to achieve superior and consistent absolute returns. The Adviser will seek to build a portfolio of securities that is generally not correlated to equity markets. The investment approach is focused on the healthcare sector and uses bottom-up fundamental equity research with a tactical trading overlay. The Adviser will take long and short equity positions in the companies within its coverage universe, and it may also use equity options to express investment views and to hedge the portfolio.

Methods of Analysis

The healthcare sector is marked by rapid scientific innovation, steady streams of clinical data and a high frequency of stock-moving events. Collectively, these data points are not immediately reflected in the market, creating regular episodes of price dislocation. These present opportunities for the specialist healthcare investor.

In order to generate long and short investment ideas, the Investment Manager targets a universe made up of global biotechnology and specialty pharmaceutical companies. That universe is screened to attempt to identify situations where there is a significant potential for a company to be mispriced. Typically, these include value-driving clinical events, management changes, recent initial public offerings, undiscovered companies, or relative valuation analyses. The Investment Manager will also seek to conduct regular meetings with corporate management teams, attend industry conferences, and speak with medical professionals. These efforts afford the Investment Manager an essential degree of familiarity with the covered companies.

Additional screening is then conducted to determine whether or not the Investment Manager has the ability to identify and capture a potential mispricing in the market. As investment opportunities are identified, they are ranked using a standardized scoring system, where various inputs are collected and weighed. When model outputs have generated a decisive score, the information is reviewed by the Investment Manager and an investment is made. On an ongoing basis, the Investment Manager will continue discussions with company management, analyze relevant data, and seek to understand the arguments for and against all of its major investments. If there is a material change in circumstances which may impact an investment, the Investment Manager will revisit the scoring of the investment and adjust exposures as appropriate.

Risk Factors

An investment with the Adviser involves substantial risks, and prospective investors should carefully consider, among other factors, the risks described below. These risk factors are not intended to be an exhaustive listing of all potential risks associated with an investment with the Adviser. An investor is encouraged to fully read and review the risk factors discussed in any relevant offering documents.

Business Dependent Upon Key Individuals. Investors will have very limited authority to make decisions or to exercise business discretion on behalf of the Adviser. The success of the Company, therefore, is expected to be significantly dependent upon the expertise and efforts of the Adviser,

specifically Jeff Comisarow, M.D.

Concentration of Trades in a Funds. A Funds is not restricted in the amount of its capital that it may commit to any single security or industry sector, and at times a Funds may hold a relatively large concentration in a particular security or industry, including, without limitation the healthcare sector. Losses incurred in connection with those trades could have a material adverse effect on a Funds' overall financial condition. This is because the value of a Funds' trading portfolio will be more susceptible to any single occurrence affecting one or more of those issuers or industry sectors than would be the case with a more diversified trading portfolio.

Small Cap Companies. The Adviser may invest in smaller sized companies of a less seasoned nature whose securities are traded in the over-the counter market. While smaller companies generally have potential for rapid growth, they often involve higher risks because they may lack the management experience, financial resources, product diversification, and the competitive strength of larger companies. In addition, in many instances, the frequency and volume of their trading may be substantially less than is typical of larger companies.

Absence of Regulatory Oversight. While each of the Company and the Funds may be considered similar to an investment company, they are not registered as such under the U.S. Investment Company Act of 1940, as amended (the "**1940 Act**"), in reliance upon an exemption available to privately offered investment companies under Section 3(c)(1) of the 1940 Act and, accordingly, the provisions of the 1940 Act (which, among other things, require investment companies to have a majority of disinterested directors, require securities held in custody to be individually segregated at all times from the securities of any other person and to be marked to clearly identify such securities as the property of such investment company, and regulate the relationship between the advisor and the investment company) are not applicable. Because securities of the Funds held by brokers are generally not held in the Funds' name, a failure of any such broker is likely to have a greater adverse impact on the Company and the Funds than if such securities were registered in the Funds' name.

The Adviser has filed an application for registration as an investment adviser with the SEC under the Advisers Act. Any such registration does not mean, however, that the SEC or any other regulatory authority will review or endorse this offering or will actively supervise the actions of the Adviser, or a Funds' General Partner. It is anticipated that the activities of the Adviser and the Funds will be such that, under current regulations, neither the Adviser nor the General Partner will be (or will be required to be) registered under the U.S. Commodity Exchange Act as either a commodity pool operator or commodity trading advisor.

Separately Managed Accounts. The Adviser and/or its affiliates may render advice to one or more separately managed accounts. Such accounts may invest on a pari passu basis with the Funds and have portfolios that are substantially similar to the Funds' portfolios. The investors in such separately managed accounts may have the right to redeem all or a portion of their capital from such managed accounts on shorter notice and/or with more frequency than the terms described in this Memorandum. In addition, since a managed account investor directly owns the investments held in its separately managed account, such investor may have full, real-time transparency as to all transactions and holdings in such account, and may be better able to assess the future prospects of a portfolio that is substantially similar to the Funds' portfolios. Investors in the Funds may not be provided with comparable transparency.

As a result of the foregoing, the Adviser, the General Partner and/or their affiliates may be required to redeem from investments on behalf of such managed accounts in order to satisfy redemptions from

such managed accounts. Neither the Adviser nor the General Partner is under any obligation to redeem from an investment on behalf of the Funds at such time, and may determine to hold such positions for the Funds for an indefinite period of time. The Adviser or the General Partner may determine to add to the Funds' positions that are being redeemed by such managed accounts. Redemptions from investments for the benefit of such managed accounts may have an adverse effect on the value of the Funds' investment. In addition, the value realized by such managed account in connection with such redemptions may differ from the value realized by the Funds when it disposes of the same positions at a later time.

Limited Liquidity; No Secondary Market. An investment with the Adviser is suitable only for sophisticated investors who have no need for current liquidity. An investment with the Adviser provides limited liquidity since Shares are not freely transferable. Investors may also redeem Shares from the Funds only on a quarterly basis, subject to the limitations described herein, including, but not limited to, a one year soft lock-up. There is no secondary market for Shares and none is likely to develop in the future. The Funds may allocate part of their assets to illiquid securities. The Funds may not be able to readily dispose of such illiquid securities and, in some cases, may be contractually prohibited from disposing of such securities for a specified period of time. Redemption proceeds may be paid in kind.

Competition. The securities industry and the varied strategies and techniques to be engaged in by the Adviser are extremely competitive and each involves a degree of risk. The Adviser will compete with firms, including many of the larger securities firms, which have substantially greater financial resources and research staffs.

Certain Investors. Certain prospective investors may be subject to laws, rules and regulations which may regulate their participation in the Funds, or their engaging directly or indirectly through an investment with the Adviser, in trading strategies of the types which the Funds may utilize from time to time (e.g., short sales of securities and the use of leverage, and the purchase and sale of options). Prospective investors are strongly urged to consult with their legal and tax advisors prior to investing with the Adviser. While the Adviser believes that an Offshore Fund's trading program is generally appropriate for U.S. tax-exempt organizations for which an investment with the Adviser would otherwise be suitable, each type of U.S. tax-exempt organization may be subject to different laws, rules and regulations, and prospective investors should consult with their own advisors as to the advisability and tax consequences of an investment in Shares. In particular, U.S. tax-exempt organizations should consider the applicability to them of the provisions relating to "unrelated business taxable income." Investment with the Adviser by entities subject to the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and other U.S. tax-exempt entities require special consideration. Trustees or administrators of such entities are urged to carefully review the matters discussed in this Memorandum.

Indemnification. Subject to applicable law, the Investment Management Agreement, the Master Partnership Agreement, the Articles and the Administration Agreement contain broad indemnification provisions that require the Company and the Funds to indemnify and hold the Adviser, the General Partner, the Directors, the Administrator and their respective principals, members and managers, as applicable, harmless from any losses or costs incurred by them except in certain limited circumstances.

In addition, the Funds (and not the Adviser, the General Partner or their affiliates or personnel) will (i) be responsible for any losses resulting from trading errors and similar human errors, absent gross negligence, fraud or willful misconduct in the performance of the obligations and duties of the

Adviser, the General Partner or their respective affiliates or personnel in respect of the Funds as the case may be, or (ii) receive the gain from such trading errors, as the case may be.

Master-Feeder Risks. For investors in a “master-feeder” structure, the Adviser generally intends to invest all of the assets in the Master Fund and could be adversely affected by the actions of other investors in the Master Fund, including the U.S. Partnership. For example, if a large investor or group of investors withdraws from the U.S. Partnership, the remaining investors in the Master Fund and the Company may experience higher *pro rata* operating expenses, thereby resulting in lower returns. Similarly, the investments of the Master Fund may become less diverse due to a large withdrawal of assets.

While the Adviser generally will not consider tax issues applicable to any particular investor, it generally may take into account the tax positions of the Company and other investors in the Master Fund, including the U.S. Partnership. However, the use of a “master-feeder” structure may create a conflict of interest in that different tax considerations for the Company and the U.S. Partnership may cause or result in the Adviser structuring or disposing of an investment in a manner or at a time that is more advantageous (or disadvantageous) for tax purposes to one feeder fund or its investors.

Effect of Substantial Redemptions and Withdrawals. A number of events, including, without limitation, unsatisfactory performance of the Funds, a significant change in personnel or management of the Funds or the Adviser, withdrawals by investors in the U.S. Partnership or the Offshore Fund that hold a significant percentage of the Funds’ net asset value, investor reaction to redemptions or withdrawals by other investors in the U.S. Partnership or the Company, or legal or regulatory issues that Investors perceive to have a bearing on the Funds or the Adviser, could trigger substantial redemptions or withdrawals from the Funds. Substantial redemptions or withdrawals by investors in the U.S. Partnership and/or the Offshore Fund within a short period of time could require the Funds to liquidate securities and other positions more rapidly than would otherwise be desirable, possibly reducing the value of its assets and/or disrupting its investment strategy. The Funds may be forced to sell its more liquid positions, which may cause an imbalance in the portfolio that could have a material adverse effect on the remaining investors. Further, it may be impossible or impracticable to liquidate a sufficient amount of securities to meet redemptions and withdrawals because a significant part of the portfolio at any given time may be invested in securities for which the market is or becomes illiquid. Substantial redemptions and withdrawals could also significantly restrict the Funds’ ability to obtain financing or transact with derivatives counterparties needed for its investment strategies, which would have a further material adverse effect on the Funds’ performance. Investors generally will not be notified of a redemption or withdrawal by other investors, and, therefore, may not be able to make withdrawals in advance of, or contemporaneously with, redemptions or withdrawals by such investors.

Cross-Class Liability. Although each class of Shares in the Funds will be maintained separately with separate accounting records and with subscriptions kept in segregated accounts, a Fund as a whole, including all of the separate classes of Shares, is one legal entity. Thus, all of the assets of a Fund are available to meet all of the liabilities of the Fund, regardless of the class of Shares to which such assets or liabilities are attributable. In practice, cross-class liability will usually arise only where the assets attributable to one class of Shares are insufficient to meet all liabilities attributable to that class of Shares. In such a case, assets of a Fund attributable to other classes of Shares will be available to creditors in respect of the excess liabilities of that class.

Access to Information; Enhanced Liquidity. The Adviser will provide Investors with unaudited reports regarding the Funds’ performance no less frequently than quarterly. The Adviser, however,

may give one or more Investors access to more frequent and/or more detailed information regarding a Funds' securities positions, performance and finances. In addition, the Adviser may give certain Investors (including, without limitation, those Investors who are given access to the additional information described above) the right to redeem all or a portion of their Shares on shorter notice and/or with more frequency than the terms described herein. A Shareholder may also receive a reduction or rebate in fees/allocations and such other rights as may be negotiated by the Adviser and the Shareholder. This will usually be accomplished by having a Fund enter into a "side letter" with the Shareholder receiving such enhanced rights. The Fund may issue a Shareholder a separate class and/or series of shares in connection with the granting of such enhanced or different rights. As a result, certain Investors may be better able to assess the prospects and performance of a Fund than other Investors and may be able to redeem their Shares at times when other Investors may not. The modifications to such Shareholder's rights are made solely at the discretion of the Adviser and the Fund and may, among other things, be based on the size of the Shareholder's investment with the Adviser or affiliated investment entity, an agreement by a Shareholder to maintain such investment with the Adviser for a significant period of time, or other similar commitment by a Shareholder to the Fund. The Fund will not be limited in its ability to enter into side letters and will not be obligated to disclose the terms of such side letters, including, without limitation, the identity of the parties thereto, to any Shareholder.

In addition, Investors may be provided with information about the Adviser and the Fund in response to questions and requests, and/or in connection with due diligence meetings and other communications, but such information will not be distributed to other Investors and prospective Investors who do not request such information. Each Shareholder is responsible for asking such questions as it believes are necessary in order to make its own investment decisions and must decide for itself whether the limited information provided by the Adviser is sufficient for its needs. Additional reports are available upon request.

In-Kind Distributions. Although the Adviser expects to realize all of the Funds' investments prior to the winding-up of the Funds and the Directors expect to distribute only cash to the Investors, there can be no assurance that the Adviser and the Directors will meet these objectives. In addition, if significant redemptions are requested, the Adviser may be unable to realize the Funds' investments at the time such redemptions are requested or may be able to do so only at prices which the Adviser believes do not reflect the true value of such investments and which would adversely affect the Investors. Under the foregoing circumstances, Investors may receive in-kind distributions, if permitted by law or by contract, which in-kind distributions may include financial instruments, equity securities and other assets or instruments held by the Funds as well as equity interests in subsidiaries of the Funds, interests in special purpose vehicles holding assets owned by the Funds or participation interests in assets owned by the Funds. Such securities and instruments, which will be selected by the Adviser in its discretion, need not represent a *pro rata* portion of each position held by the Funds, may not be readily marketable or saleable and may need to be held by Investors, or by the Funds in trust for Investors, for an indefinite period of time. In addition, in-kind distributions may be made when the Directors or the Adviser deems it advisable for tax purposes.

For the purpose of determining the value to be ascribed to any assets of the funds used for an in-kind distribution, the value ascribed to such assets will be the value of such assets on the relevant Redemption Date. The risk of a decline in the value of such assets in the period from the relevant Redemption Date to the date upon which such assets are distributed to the redeeming Shareholder, and the risk of any loss or delay in liquidating such assets, will be borne by the redeeming Shareholder.

Investment and Trading Risks. All securities investments risk the loss of capital. The Adviser believes that the Funds' trading program and the Adviser's research techniques will moderate this risk through a careful selection of securities and other financial instruments. However, no guarantee or representation is made that the Funds' trading program will be successful or that the Funds will not incur losses. The Funds' trading program may utilize trading techniques including, but not limited to, trading in put and call options and other derivatives, the use of leverage, and short sales, which in practice can, in certain circumstances, increase the adverse impact to which the Funds may be subject.

In certain transactions, the Funds may not be "hedged" against market fluctuations or, in reorganization or liquidation situations, may not accurately value the assets of the subject company or the degree of legal and regulatory risk associated with investments in the securities of companies in such situations. This can result in losses, even if the proposed transaction is consummated.

The Adviser will attempt to assess the foregoing risk factors, and others, in determining the extent of the position it will take in the relevant securities and the price it is willing to pay for such securities. However, such risks cannot be eliminated.

Hedging Transactions. Hedging strategies in general are usually intended to limit or reduce investment risk, but can also be expected to limit or reduce the potential for profit. No assurance can be given that any particular hedging strategy will be successful.

The Adviser may utilize financial instruments, both for investment purposes and for risk management purposes in order to (i) protect against possible changes in the market value of the Clients' investment portfolio resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect the Clients' unrealized gains in the value of the Clients' investment portfolio; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in the Clients' portfolios; (v) hedge the interest rate or currency exchange rate on any of the Clients' liabilities or assets; (vi) protect against any increase in the price of any securities the Clients anticipate purchasing at a later date; or (vii) for any other reason that the Adviser deems appropriate.

The success of the Clients' hedging strategy will depend, in part, upon the Adviser's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Clients' hedging strategy will also be subject to the Adviser's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While the Clients may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Clients than if it had not engaged in such hedging transactions. For a variety of reasons, the Adviser may not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent the Clients from achieving the intended hedge or expose the Clients to risk of loss. The Adviser may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Clients' portfolio holdings.

Short Sales. A short sale involves the sale of a security that the Clients does not own in the expectation of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. To make delivery to the buyer, the Clients must borrow the security and the Clients are

obligated to return the security to the lender, which is accomplished by a later purchase of the security by the Clients. When the Client makes a short sale in the United States, it must leave the proceeds thereof with the broker and it must also deposit with the broker an amount of cash or U.S. government or other securities sufficient under current margin regulations to collateralize its obligation to replace the borrowed securities that have been sold. If short sales are effected on a foreign exchange, such transactions will be governed by local law. A short sale involves the risk of a theoretically unlimited increase in the market price of the security that would result in a theoretically unlimited loss to the Clients. The extent to which the Clients will engage in short sales will depend upon the Adviser's trading strategy and perception of market direction and the value of individual securities. The Adviser may engage in short sales on behalf of the Clients as a hedge against potential market declines and/or based on its fundamental analysis of the subject issuers.

Leverage. Leverage is the use of borrowed funds for investment. Subject to applicable margin and other limitations, the Clients may use leverage in the course of their trading operations. Such leverage would generally be obtained by using securities the Clients own as collateral. Leverage may also be obtained through other means including the use of derivative instruments. To the extent that a Client purchases securities with borrowed funds, its net assets will tend to increase or decrease at a greater rate than if borrowed funds were not used. If the interest expense on borrowings were to exceed the net return on the portfolio securities purchased with borrowed funds, the Clients' use of leverage would result in a lower rate of return than if the Clients were not leveraged. If the amount of borrowings which the Clients may have outstanding at any one time is large in relation to its capital, fluctuations in the market value of the Clients' portfolio will have a disproportionately large effect in relation to its capital and the possibilities for profit and the risk of loss will therefore be increased. Any investment gains made with the additional monies borrowed will generally cause the value of the Clients' assets to rise more rapidly than would otherwise be the case. Conversely, if the investment performance of the additional monies fails to cover their cost to the Clients, the value of the Clients' assets will generally decline faster than would otherwise be the case.

Investments in Unregistered Securities. Clients may invest in unregistered securities, including investments in new and early stage companies or companies undergoing operational or financial restructuring, which may involve a high degree of business and financial risk that can result in substantial losses. Because of the possible absence of a liquid trading market for these investments, it may take longer to liquidate these positions than would be the case for publicly traded securities, or it may not be possible to liquidate them at all. Although these securities may be resold in privately negotiated transactions, the prices realized on such sales could be substantially less than those originally paid by the Clients. Further, companies that have securities that are not publicly traded will generally not be subject to public disclosure and other investor protection requirements applicable to companies that have publicly traded securities.

Fixed Income Securities. Clients may trade in bonds or other fixed income securities of U.S. and non-U.S. issuers, including, without limitation, bonds, notes and debentures issued by corporations, or debt securities issued or guaranteed by a sovereign government or one of its agencies or instrumentalities. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities will change in response to fluctuations in interest rates. In addition, the value of certain fixed income securities can fluctuate in response to perceptions of credit worthiness, political stability or soundness of economic policies. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk).

Clients may trade in fixed-income securities which are not protected by financial covenants or limitations on additional indebtedness. In addition, evaluating credit risk for foreign debt involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparisons across countries difficult.

Convertible Securities. The market value of convertible securities, as with all fixed income securities, tends to decline as interest rates increase and, conversely, tends to increase as interest rates decline. However, when the market price of the common stock underlying a convertible security exceeds the conversion price, the convertible security tends to reflect the market price of the underlying common stock. As the market price of the underlying common stock declines, the convertible security tends to trade increasingly on a yield basis and thus, may not decline in price to the same extent as the underlying common stock. If a convertible security held by Client is called for redemption, the Client will be required to permit the issuer to redeem the security, convert it into the underlying stock or sell it to a third party. Any of these actions could have an adverse effect on the Client's ability to achieve its objective.

Securities of Non-U.S. Companies. Investments in securities of non-U.S. issuers (including non-U.S. governments) and securities denominated in, or the prices of which are quoted in, non-U.S. currencies pose, to the extent not hedged, currency exchange risks (including blockage, devaluation and non-exchangeability), as well as a range of other potential risks which could include expropriation, confiscatory taxation, political or social instability, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding securities of non-U.S. issuers, and non-U.S. issuers may not be subject to accounting, auditing and financial reporting standards and requirements comparable to, or as uniform as, those of U.S. issuers. Transaction costs of investing in non-U.S. securities markets are generally higher than in the United States. There is generally less government supervision and regulation of exchanges, brokers and issuers outside the United States than there is in the United States. The Clients might have greater difficulty taking appropriate legal action in non-U.S. courts. Non-U.S. markets also have different clearance and settlement procedures which, in some markets, could at times fail to keep pace with the volume of transactions, thereby creating substantial delays and settlement failures that could adversely affect the Funds' performance.

Risk of Investing in the Healthcare Sector. Investing in securities and other instruments of healthcare companies involves substantial risks, including, but not limited to: certain companies in the portfolio of the Clients may have limited operating histories; scarcity of management and marketing personnel with appropriate scientific or medical training may slow or impede companies' growth; the possibility of lawsuits related to patents or products; obsolescence of products; change in government policies; changing investor sentiments and preferences with regard to healthcare sector investments (some of which are generally perceived as risky) may have an adverse effect on the price of underlying securities; volatility in the U.S. stock markets affecting the prices of healthcare company securities may cause the performance of the Funds to experience substantial volatility; and many companies in the healthcare sector are subject to extensive government regulation. The healthcare industry is heavily regulated by U.S. federal, state and local governmental bodies, and is directly affected by federal conditions of participation, state licensing requirements, facility inspections, state and federal reimbursement policies, regulations concerning capital and other expenditures, certification requirements and other such laws, regulations and rules. In addition, obtaining approval for new products from governmental agencies can be lengthy, expensive and uncertain. Finally, drug development is inherently risky and a substantial number of new products fail in clinical trials.

Developments in the Healthcare Industry. The healthcare industry has changed significantly in

recent years and it is expected that significant changes will continue to occur. The timing and impact of developments in the healthcare industry are difficult to predict. It is not certain that the markets for certain healthcare services will continue to exist at current levels or that healthcare companies will have adequate technical, financial and marketing resources to react to changes in those markets. Healthcare reform remains a major policy issue at the federal level, and constitutional challenges to or the repeal of the existing legislation and additional healthcare legislation in the future could have adverse consequences for certain healthcare companies.

Comprehensive Healthcare Reform Legislation Could Materially and Adversely Affect the Healthcare Sector. On March 23, 2010, the Patient Protection and Affordable Care Act was signed into law and on March 30, 2010, the Health Care and Education Reconciliation Act of 2010 which in part modified the Patient Protection and Affordable Care Act was signed into law. Together, the two laws serve as the primary vehicle for comprehensive healthcare reform in the United States and are becoming effective through a phased approach, which began in 2010 and will conclude in 2018. The laws are intended to reduce the number of individuals in the United States without health insurance and significantly change the means by which healthcare is organized, delivered and reimbursed. The healthcare reform legislation includes program integrity provisions that both create new authorities and expand existing authorities for federal and state governments to address fraud, waste and abuse in federal health programs. In addition, the healthcare reform legislation expands reporting requirements and responsibilities related to property ownership and management, patient safety and care quality. In the ordinary course of operations, healthcare companies may be regularly subjected to inquiries, investigations and audits by federal and state agencies that oversee these laws and regulations. If the healthcare companies do not comply with the additional reporting requirements and responsibilities, their ability to participate in federal health programs may be adversely affected.

The Cost of Healthcare is Funded Substantially by Government and Private Insurance Programs. Third-party payers include Medicare, Medicaid and private health insurance providers. Third-party payers are increasingly challenging prices charged for healthcare services. It cannot be assured that the services of certain healthcare companies will be considered cost-effective by third-party payers, that reimbursement will be available or that payer reimbursement policies will not have a material adverse effect on their ability to sell services on a profitable basis, if at all. Healthcare companies cannot control reimbursement rates, including Medicare market basket or other rate adjustments.

The Impact of Economic Downturns on the Healthcare Sector. An economic downturn can have a detrimental effect on the revenues of healthcare companies. Historically, state budget pressures have translated into reductions in state spending. Given that Medicaid outlays are a significant component of state budgets, healthcare companies can expect continuing cost containment pressures on Medicaid outlays for their services in the states in which they operate. In addition, an economic downturn, coupled with sustained unemployment, may also impact the number of enrollees in managed care programs as well as the profitability of managed care companies, which could result in reduced reimbursement rates. The existing federal deficit, as well as deficit spending by the government as the result of adverse developments in the economy or other reasons, can lead to continuing pressure to reduce government expenditures for other purposes, including government-funded programs in which certain healthcare companies participate, such as Medicare and Medicaid. Such actions in turn may adversely affect their business financial condition and results of operations.

General Risks of Biotechnology and Pharmaceutical Investments. The value of investments in development stage biotechnology and pharmaceutical companies will be affected by problems related to product development, testing, regulatory compliance, manufacturing, sales and marketing

capabilities and competition. Biotechnology and pharmaceutical companies are affected by general trends related to the demand for health related products and services as well as the uncertainty of the results of clinical trials and approval of their products by the FDA or a foreign equivalent. Biotechnology and pharmaceutical product development is heavily regulated by the FDA and other agencies and a very small percentage of the pharmaceutical products developed are approved for sale by the FDA or a foreign equivalent. Even if approved, there can be no assurance that the products will be commercially successful. The success of the biotechnology and pharmaceutical companies will depend, inter alia, on their ability, and the ability of any licensors, to obtain and maintain patent protection for their products and technologies and to preserve trade secrets. There can be no assurance that patents licensed to the companies will be valid or will afford the companies protection against competitors with similar technologies. The enforcement of patent rights and the determination of the scope of validity of other parties' proprietary rights may require costly litigation or participation in Patent and Trademark Office Proceedings.

Many biotechnology and pharmaceutical companies may operate for years before becoming profitable and thus depend on continued access to capital markets and successive rounds of capital raising. There is no assurance, for any given company, that timely access to capital will always be available. Moreover, the terms under which successive financing rounds are concluded may favor the new investors over existing investors. Companies that have insufficient funds to continue operations and are unable to raise additional cash may be sold, merged, or wound down in a manner that is detrimental to the share price of those companies.

Also, many companies depend on research agreements, technology/product license agreements and/or manufacturing agreements with third parties. There can be no assurance that such third parties will be able to meet the companies' needs with respect to timing, quantity, quality and cost-effectiveness or will be able to meet the FDA's standards for manufacturers. In addition, some companies may not have sufficient experience in the sales, marketing or distribution of pharmaceutical products and may have to depend on third parties to provide such expertise. The outsourcing of sales and marketing or distribution can be expensive and it can be difficult for many companies to control such costs. The Funds' investment in biotechnology and pharmaceutical companies will be subject to these risks, as well as some of the general trends relating to demand for health-related products and services and the regulatory, economic and political environment related to the biotechnology sector.

Potential Liability Relating to New Drugs and Medical Devices. The introduction of new drugs and medical devices can be subject to potential product liability risks which are inherent in the testing, manufacturing, marketing and sale of such drugs and medical devices. Product liability insurance for the biotechnology industry is expensive, if available at all and no assurance can be given that any company in which the Funds invests will have adequate insurance coverage or that a product liability claim would not have a material adverse effect on a company in which the Funds invests.

Incentive Allocation. The allocation of the Incentive Allocation to the General Partner, an affiliate of the Adviser, may create an incentive for the Adviser to cause the Funds to make investments that are riskier or more speculative than would be the case if such allocation were not made. Since the Incentive Allocation is made separately with respect to each series of Shares, it is possible that the General Partner may be allocated an Incentive Allocation with respect to one or more series of Shares held by a Shareholder for a period of time during which such Shareholder experienced an aggregate loss with respect to all of its Shares. Furthermore, since the Incentive Allocation is calculated on a basis which includes unrealized appreciation of the Funds' assets, it may be greater than if such calculation were based solely on realized gains. The Incentive Allocation was set by the

General Partner without negotiations with any third party.

Valuation. To the extent that the Funds trades in securities or instruments for which market quotations are not readily available, the valuation of such securities and instruments will be determined by the General Partner in its sole discretion, the determination of which will be final and conclusive as to all parties. In these circumstances, the General Partner shall attempt to use consistent and fair valuation criteria and may (but is not required to) obtain independent appraisals of such assets at the expense of the Funds. As the Incentive Allocation and the Management Fee are based directly or indirectly on the Funds' net asset value, the General Partner will have a conflict of interest in valuing these assets.

Price Risk. For reasons not necessarily attributable to any of the risks set forth herein (for example, supply/demand imbalances or other market forces), the prices of the securities in which the Clients invests may decline or rise substantially. In particular, purchasing assets at prices that may appear to be "undervalued" is no guarantee that such assets will not be trading at even more "undervalued" levels at the time of valuation or at the time of sale. Similarly, shorting assets at prices that may appear to be "overvalued" is no guarantee that such assets will not be trading at even more "overvalued" levels at the time of valuation or at the time of sale.

Counterparty Risk. The Clients may effect its transactions in "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. This exposes the Clients 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 the Clients to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Funds has concentrated its transactions with a single or small group of counterparties. The Adviser is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. The ability of the Adviser 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 Company.

The Clients trading strategy may involve transactions that expose the Clients to the credit of its counterparties, and vice versa. For example, the Clients may seek to borrow against long positions, to borrow securities intending to sell them short and to enter into long and short derivative positions. All of these transactions, and transactions similar to them, are governed by documents, industry standards, market customs and practices, the parties' prior course of dealing and by the covenants of good faith and fair dealing. At times, and especially in times of market stress, these credit exposures may come under stress, normal business conduct may be interrupted and normal legal protections may prove inadequate or may fail to provide timely relief. Furthermore, the prime brokerage agreement between a Client and its prime broker may be terminated at any time upon notice from the prime broker without penalty. Should it become necessary to remove or reduce credit exposure to a particular counterparty, or in the event that the prime broker elects to terminate the prime brokerage agreement, there can be no guarantee that a satisfactory alternative will be available, or even if one is available, that the Clients will be able to avail itself of that alternative. As a consequence, it is possible that positions may be unwound at a disadvantageous time and any unwinding and/or porting of positions to another counterparty may prove costly and thereby damage the Clients.

Derivatives Generally. Derivative instruments, or “derivatives,” include options, futures, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, financial assets, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark, financial asset, currency or index at a fraction of the cost of investing in the underlying asset. There is no assurance that derivatives that the Clients wishes to acquire will be available at any particular times upon satisfactory terms or at all.

The value of a derivative is frequently difficult to determine and depends largely upon price movements of the underlying asset. Therefore, many of the risks applicable to trading an underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are “leveraged,” and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose the Funds to the possibility of a loss exceeding the original amount invested. Over-the-counter (“**OTC**”) derivatives generally are not assignable except by agreement between the parties concerned, and no party or purchaser has any obligation to permit such assignments. The OTC market for derivatives is relatively illiquid. In the case of OTC derivatives contracts, the Funds is subject to the credit risk of the counterparty.

The Clients may take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the trading objective of the Clients and legally permissible. Special risks may apply to instruments that are invested in by the Clients in the future that cannot be determined at this time or until such instruments are developed or invested in by the Clients.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “**Dodd-Frank Act**”) enables the Commodity Futures Trading Commission (“**CFTC**”) and the SEC to enact new regulations on certain OTC derivatives. Under the Dodd-Frank Act, certain OTC derivatives contracts will be required to be traded on regulated trading platforms and cleared through registered clearing organizations subject to regulation by the SEC and the CFTC. Once this occurs, such contracts will be traded more like futures and options contracts and parties to such transactions will trade standardized contracts and will face clearing organizations as contractual counterparties, rather than facing the credit risk of counterparties under individually negotiated bilateral OTC agreements.

In addition, swap dealers and major swap participants (entities that are not swap dealers, but are subject to rules governing dealers due to their levels of activity) are subject to regulatory oversight and requirements with respect to OTC derivatives, which will include business conduct requirements, such as know-your-customer rules, increased risk disclosure and rules requiring trades to be documented and confirmed within certain timeframes. Derivative contracts, whether cleared or uncleared, will have to be reported to the CFTC and/or the SEC.

While the CFTC has finalized the majority of its required rulemakings under the Dodd Frank Act, there are still a number of rules that have not been finalized by the SEC. As a result, the effect that the foregoing regulatory changes will have on the price of derivative contracts, liquidity and administrative costs, among other things, still remains unclear.

Credit Default Swaps. Clients may purchase and sell credit derivatives contracts – primarily credit default swaps – both for hedging and other purposes. The typical credit default contract requires the seller to pay to the buyer, in the event that a particular reference entity experiences specified credit

events, the difference between the notional amount of the contract and the value of a portfolio of securities issued by the reference entity that the buyer delivers to the seller. In return, the buyer agrees to make periodic payments equal to a fixed percentage of the notional amount of the contract. In addition, the parties may be required to post collateral to secure their obligations, which can reduce the amount of collateral or funds available for other purposes.

Clients may also purchase and sell credit default swaps on a basket of reference entities as part of a synthetic collateralized debt obligation transaction.

As a buyer of credit default swaps, Clients are subject to certain risks. In circumstances in which Clients do not own the debt securities that are deliverable under a credit default swap, Clients are exposed to the risk that deliverable securities will not be available in the market, or will be available only at unfavorable prices, as would be the case in a so-called “short squeeze.” In certain instances of issuer defaults or restructurings, it has been unclear under the standard industry documentation for credit default swaps whether or not a “credit event” triggering the seller’s payment obligation had occurred. In either of these cases, Clients would not be able to realize the full value of the credit default swap upon a default by the reference entity.

As a seller of credit default swaps, Clients incur leveraged exposure to the credit of the reference entity and is subject to many of the same risks it would incur if it were holding debt securities issued by the reference entity. However, Clients will not have any legal recourse against the reference entity and will not benefit from any collateral securing the reference entity’s debt obligations. In addition, the credit default swap buyer will have broad discretion to select which of the reference entity’s debt obligations to deliver to Clients following a credit event and will likely choose the obligations with the lowest market value in order to maximize the payment obligations of the Clients.

PIPE Trading. Clients may make private investments in equities of publicly-traded companies (“PIPER”). PIPE strategies have historically been significantly more likely to be successful during periods of rising equity prices. In such conditions, not only is it easier to liquidate the equity acquired upon conversion of Clients’ illiquid and restricted securities, but also the equity price may increase from the date of liquidation, increasing the profit of conversion. PIPE investing also involves making capital commitments to issuers without access to traditional capital markets in situations in which the bankruptcy of the issuer could result in a total loss of the investment. Analysis of the financial condition of each issuer is an important component of determining whether to make any such investment.

Interest Rate Risk. Generally, the value of fixed income securities will change 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 will be greater for long-term securities than for short-term securities. Clients may attempt to minimize the exposure of the portfolios to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options. However, there can be no guarantee that Clients will be successful in fully mitigating the impact of interest rate changes.

Interest Rate Swaps, Caps, Floors and Collars. Clients may enter into interest rate swap transactions or purchase or sell interest rate caps, floors or collars in order to obtain the desired exposure to a particular interest rate sector, for the purpose of profiting from interest rate differentials or to protect the value of the Funds’ portfolio from interest rate fluctuations. Interest rate swaps involve the exchange by Clients with another party of their respective commitments to make or receive interest payments (e.g., an exchange of floating rate payments for fixed rate payments). On each

payment date under an interest rate swap, the parties net the payments owed by each party, and only the net amount is paid by one party to the other. Swaps may extend over substantial periods of time, and typically call for the making of payments on a periodic basis. The purchase of an interest rate cap entitles the purchaser, to the extent that a specified index exceeds a predetermined interest rate, to receive payments of interest on a notional principal amount from the party selling such interest rate cap. The purchase of an interest rate floor entitles the purchaser, to the extent that a specified index falls below a predetermined interest rate, to receive payments of interest on a notional principal amount from the party selling such interest rate floor. A collar is a combination of a cap and a floor, which preserves a certain return within a predetermined range of values.

Purchase of Distressed Securities, Etc. Clients may purchase securities and other obligations of companies that are experiencing significant financial or business distress, including companies involved in bankruptcy, reorganization or other liquidation proceedings. Although such investments may produce significant returns, they involve a high degree of risk over a potentially lengthy period of time, and may provide less liquidity than many other investments. Investment in these types of securities requires sophisticated analysis and there can be no assurance that the Adviser will accurately predict various factors that could affect the prospects of a successful restructuring. Many of these investments ordinarily remain stagnant until the applicable company reorganizes and/or emerges from bankruptcy proceedings, and, as a result, may have to be held for an extended period of time.

Special Situations. Clients may invest in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and 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, take considerable time or result in a distribution of cash or a new security the value of which will be less than the purchase price to the Clients 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 in which a Client may invest, there is a potential risk of loss by a Client of its entire investment in such companies.

The Dodd-Frank Act established the Orderly Liquidation Authority (the “OLA”), an insolvency regime for large, interconnected financial companies, including broker-dealers, whose failure poses a significant risk to the financial stability of the United States. Clients may invest in such large, interconnected financial companies and therefore may face losses if such financial companies are put into receivership and then liquidated upon a determination by the U.S. Federal Deposit Insurance Corporation and the board of governors of the U.S. Federal Reserve. If a financial company becomes liquidated by the OLA, Clients investments in such a financial company could be adversely affected. Unlike in bankruptcy proceedings, creditors, investors and contract counterparties will not have any input into, or advanced notice about, the liquidation or reorganization of the applicable financial company. Many of the procedural rules for the OLA have not yet been written, and it is unclear how financial companies that become subject to liquidation proceedings would be affected.

Significant Positions; Shareholder Activism. Clients may take significant positions in portfolio companies that result in the Clients acquiring (i) more than five percent (5%) of a class of securities of a single issuer which would require the filing of a Schedule 13D or 13G statement with the SEC, or (ii) more than ten percent (10%) of a class of securities of a single issuer (which would impose certain limitations on the Funds’ ability to trade in such securities, including the restrictions of

Section 16 of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”).

At times Clients may engage in proxy contests, takeover bids, shareholder class actions or other litigation, or other activity which may place Clients in a high-profile position which is adverse to issuer management and/or other security holders. Clients may, as a result of such techniques or otherwise, obtain a controlling or other substantial position in any public or private company. Clients may become subject to regulatory proceedings or other litigation.

At various times, the Adviser may agree with unrelated third parties to coordinate investments in activist positions. If any such third parties suffer damage to their reputation, Clients may also incur damage to its reputation as a result of the group association. The Adviser may agree with such parties not to purchase and/or sell the applicable securities or related securities without the consent of such parties and may agree with such parties to vote or not to vote such securities in a certain manner. This may result in Clients being unable to engage in certain transactions when the Adviser would otherwise deem it desirable. Under U.S. law, the formation of a “group” may result in the Clients’ being deemed to own in excess of ten percent (10%) of an issuer’s securities even when the Clients’ position itself is less than ten percent (10%) thereby resulting in “short-swing” transaction reporting and potential forfeiture obligations.

A Client’s ability to realize value from certain of its positions may depend upon the ability of the Adviser to influence the management of a portfolio company to take certain actions, including, for example, a recapitalization, restructuring, spin-off, sale of the business or change in management. If the Adviser is incorrect in its assessment of the impact such action will have on the value of the portfolio company, or if it is unsuccessful in persuading the portfolio company’s management to take the desired action, Clients may sustain a loss on its position.

Litigation Risk. In some cases, a Client’s trading program may result in taking an activist position with respect to an issuer. For example, the Adviser may challenge action sought to be taken by an issuer that the Adviser believes will have an adverse impact upon the value of a class of such issuer’s securities. In such case, either the issuer itself, or other market participants with positions adverse to that of the Client, may institute litigation against a Client challenging its activist conduct. Alternatively, the Adviser may initiate litigation as a tool to further activist goals, and such litigation may precipitate counterclaims. Litigation, even if successful, is often expensive. Unsuccessful litigation could result in losses to a Client.

Currency Transactions. Clients may incur costs in connection with conversions between various currencies. Foreign currency exchange dealers realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to Clients at one rate, while offering a lesser rate of exchange should a Client desire immediately to resell that currency to the dealer. The Adviser will conduct its currency exchange transactions either on a spot (*i.e.*, cash) basis at the spot rate prevailing in the currency exchange market, or through entering into forward contracts to purchase or sell non-U.S. currencies.

Commodity Trading. The prices of commodities and all derivative instruments, including futures and options prices, are highly volatile. Price movements of commodities, futures and options contracts are influenced by, among other things, changing supply and demand relationships, U.S. and non-U.S. governmental programs and policies, national and international political and economic events, interest rates and governmental monetary and exchange control programs and policies. Moreover, commodity exchanges limit fluctuations in commodity futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” During a

single trading day, no trades may be executed at prices beyond the daily limit. Commodity futures prices have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent Clients from promptly liquidating unfavorable positions and subject it to substantial losses. In addition, the Dodd–Frank Act significantly expands the CFTC’s authority to impose broader aggregate position limits.

The Adviser has not registered with the CFTC as a commodity pool operator or commodity trading advisor. Therefore, the Adviser, unlike a registered commodity pool operator or commodity trading advisor, will not be required to deliver a disclosure document, periodic account statements, or an annual report to the Investors. The Adviser may trade a limited amount of futures contracts for Clients without so registering in reliance on an exemption from registration under CFTC Regulation 4.13(a)(3).

Call Options. There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (*e.g.*, the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. If the seller of the call option owns a call option covering an equivalent number of shares with an exercise price equal to or less than the exercise price of the call written, the position is “fully hedged” if the option owned expires at the same time or later than the option written. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The buyer of a call option assumes the risk of losing its entire investment in the call option.

Put Options. There are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (*e.g.*, the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is “fully hedged” if the option owned expires at the same time or later than the option written. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

Forward Trading. The Adviser may engage in forward trading on behalf of its Clients. Forward contracts (including forward foreign exchange contracts) and options thereon 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 that they trade and these markets can experience periods of illiquidity, sometimes of significant duration, which could result in substantial losses to the Funds.

Options on Futures. Trading options on futures involves a high degree of risk. The risks of trading options on futures are similar to the risks of trading securities options, but often involve even greater leverage and risks. In addition, if the purchaser of an option on a futures contract exercises the option, the holder will, in effect, be buying or selling the underlying futures contract, and will then be subject to the same risks as are attendant to futures trading.

Purchasing Securities of Initial Public Offerings. The Adviser on behalf of the Clients may purchase securities of companies during their initial public offerings or shortly thereafter. Special risks associated with these securities may include a limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the companies and limited operating histories. These factors may contribute to substantial price volatility for the shares of these companies. The limited number of shares available for trading in some initial public offerings may make it more difficult for Clients to buy or sell significant amounts of shares without an unfavorable impact on prevailing market prices. In addition, some companies engaged in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them.

Changes and Uncertainty in U.S. and International Regulation. Clients may be adversely affected by uncertainties such as international and domestic political developments, changes in government policies, taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of the countries to which Clients are exposed through investments or its investor base. The tax and regulatory environment for hedge funds is evolving, and changes in the regulation or tax treatment of hedge funds and their investments may adversely affect the value of investments held by Clients or the Clients' ability to pursue its trading strategy. During this period of uncertainty, market participants may react quickly to unconfirmed reports or information and as a result there may be increased market volatility. This unpredictability could cause the Adviser to alter the Clients' investment and trading plans, including the holding period of positions and the nature of instruments used to achieve the Clients' objectives.

In the United States, Clients, the Adviser and the General Partner may be adversely affected as a result of new or revised legislation or regulations imposed by the SEC, the Financial Stability Oversight Council, and other U.S. governmental regulatory authorities or self-regulatory organizations that supervise the financial markets. In addition, the securities and futures markets are subject to comprehensive statutes and regulations, including margin requirements. Regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The Dodd-Frank Act and the rules promulgated thereunder could result with the Adviser, Clients, and the General Partner becoming subject to additional regulatory compliance burdens and trade reporting, which may add significant costs. The Dodd-Frank Act endows the SEC, CFTC, and other regulators with discretionary authority to write and interpret new rules. The ultimate impact of the Dodd-Frank Act on the Clients, the Adviser and the General Partner is unclear and will depend in large part on the regulations that the CFTC and SEC promulgate.

None of the Adviser, the General Partner, or the Clients undertakes to update Investors upon finalization of any such regulations.

Operational and Information Security Risk from Cyberattacks. Clients and their service providers may be subject to operational and information security risks resulting from cyberattacks. Cyberattacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information or various other forms of cybersecurity breaches. Cybersecurity attacks affecting the Clients, the General Partner, the Adviser, the Administrator, the prime brokers, custodians, and other third party service providers may adversely impact the Clients. For instance, cyberattacks may interfere with the processing of investor transactions, impact the ability to calculate the Clients' net asset value, cause the release of private investor information or other confidential information, impede trading, subject the Clients and their service providers to regulatory fines or financial losses, and cause

reputational damage. Similar types of cybersecurity risks are also present for other market participants, which may have material adverse consequences for the Clients, and may cause the Clients' investments to lose value. The Clients and their service providers may incur additional costs relating to cybersecurity preparations, and such preparations, though taken in good faith, may be inadequate. Cyberattacks are viewed as an emerging risk and the scope of the risk and related mitigation techniques are not yet fully understood and are subject to continuing change.

Contingency Reserves. The Clients, at any time, in the discretion of the Directors or the General Partner, respectively, may establish holdbacks for liabilities and reserves for contingencies, whether or not required by U.S. GAAP. The establishment of such reserves or holdbacks will not insulate any portion of the Clients' assets from being at risk, and such assets may still be traded by the Adviser on behalf of the Clients. A *pro rata* portion of any holdback or reserve may be withheld from distribution to a redeeming Shareholder.

Accounting for Uncertainty in Income Taxes. ASC 740, "Income Taxes" (in part formerly known as "FIN 48"), which is part of U.S. GAAP, provides guidance on the recognition of uncertain tax positions. ASC 740 may require an entity reporting in accordance with U.S. GAAP to reserve a liability for income taxes on its books. ASC 740 prescribes the minimum recognition threshold that a tax position is required to meet before being recognized in an entity's financial statements. It also provides guidance on recognition, measurement, classification and interest and penalties with respect to tax positions. A prospective investor should be aware that, among other things, ASC 740 could have a material adverse effect on the periodic calculations of the net asset value of the Funds or a separate managed account, including reducing the net asset value of the Funds or a separately managed account to reflect reserves for income taxes that may be payable in respect of current and/or prior periods by the Funds or a separately managed account. This could cause benefits or detriments to certain Investors.

U.S. HIRE Act (FATCA) and Compliance with U.S. Withholding Requirements. Under the U.S. HIRE Act (FATCA) and Compliance with U.S. Withholding Requirements in Certain United States and Cayman Islands Income Tax Consequences, the Offshore Fund and the Master Fund may be subject to a thirty percent (30%) withholding tax unless the Offshore Fund and the Master Fund report to the U.S. Internal Revenue Service (the "**Service**") or the Cayman Islands pursuant to the U.S. intergovernmental agreement with the Cayman Islands and provide certain information regarding direct or indirect investors that are U.S. persons. As also discussed therein, each investor may be required to provide certain information to the Offshore Fund in order for the Offshore Fund to avoid such withholding taxes under the Foreign Account Tax Compliance Act ("**FATCA**") provisions of the United States Hiring Incentives to Restore Employment Act of 2010 (the "**U.S. HIRE Act**"). The Cayman Islands have also entered into an intergovernmental agreement with the United Kingdom.

Also, beginning on January 1, 2017, the Offshore Fund will be required to withhold a 30% tax on a portion of the redemptions by, or distributions to, certain investors that do not comply with the FATCA provisions.

Further, other jurisdictions may enact similar legislation.

Although each of the Master Fund and the Offshore Fund will attempt to satisfy any obligations imposed on it to avoid the imposition of withholding tax under FATCA and similar legislation, no assurance can be given that the Master Fund and the Offshore Fund will be able to satisfy these obligations. If the Master Fund or the Offshore Fund become subject to a withholding tax as a result

of the FATCA provisions of the U.S. HIRE Act or similar legislation or obligations in other jurisdictions, the return of all investors may be materially affected. In certain circumstances, the Offshore Fund may compulsorily redeem some or all of an investor's shares and apply the proceeds thereof towards any corresponding withholding tax, may reduce the redemption proceeds in respect of any investor and apply such amounts towards the withholding tax, and/or may take other actions available to it to cause any withholding tax to be borne by the investors(s) who caused the imposition of the withholding tax on the Master Fund or the Company (including exchanging such investor's shares for a different class of shares that will be allocated the withholding tax). These provisions generally did not take effect until July 1, 2014, and there remains uncertainty in how these provisions will be applied.

All prospective investors should consult with their own tax advisors regarding the possible implications of FATCA on their investment in the Company.

Handling of Mail. Mail addressed to the Adviser, General Partner, or one of their affiliates and received at its registered office will be forwarded unopened to the forwarding address supplied by the Adviser to be dealt with. None of the Adviser, its Directors, officers, advisors or service providers (including the organization which provides registered office services in the Cayman Islands) will bear any responsibility for any delay howsoever caused in mail reaching the forwarding address. In particular the Directors will receive, open or deal directly only with mail which is addressed to them personally (as opposed to mail which is addressed just to the Funds).

Soft Wind-Down. If the Directors, in consultation with the Adviser, decide that the trading strategy is no longer viable they may resolve that the Clients' account be managed with the objective of realizing assets in an orderly manner and distributing the proceeds to investors in such manner as they determine to be in the best interests of the Company, in accordance with the terms of the respective Articles and the Private Placement Memorandum, including, without limitation, compulsorily redeeming Shares, paying any dividend proceeds in specie and/or declaring a suspension of redemptions while assets are realized. This process is integral to the business of the Funds and may be carried out without recourse to a formal liquidation under applicable law or any other insolvency regime, but shall be without prejudice to the right of the shareholder(s) to place the Company into liquidation.

Subscription Monies in Funds. Where a subscription for Shares is accepted, the Shares will be treated as having been issued with effect from the relevant Subscription Date (as defined below) notwithstanding that the subscriber for those Shares may not be entered with the Adviser's register of members until after the relevant Subscription Date. The subscription monies paid by a subscriber for Shares will accordingly be subject to investment risk with the Adviser from the relevant Subscription Date.

No Separate Legal Counsel. Kleinberg, Kaplan, Wolff, & Cohen, P.C. ("**Kleinberg Kaplan**") acts as United States legal counsel to the Funds, the General Partner, the Adviser and their affiliates. Maples and Calder acts as Cayman Islands legal counsel to the Offshore Fund, Master Fund, and the General Partner. The Funds do not have legal counsel separate and independent from legal counsel to the Adviser and the General Partner. Neither Kleinberg Kaplan nor Maples and Calder represent investors with the Adviser, and no independent counsel has been retained to represent investors with the Adviser.

Item 9 - Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the adviser or the integrity of adviser's management.

There are no legal or disciplinary events that are material to an evaluation of the Adviser's advisory services or the integrity of management.

Item 10 - Other Financial Industry Activities and Affiliations

- A. The Adviser is not registered, and does not have an application pending to register, as a broker-dealer or registered representative of a broker-dealer. Currently, no employees of the Adviser are registered representatives of a broker-dealer.
- B. Neither the Adviser nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.
- C. The Adviser's Principal is a member of the Fund. In the view of the Principal, this aligns the interests of the Principal with the Fund and its investors and does not result in any conflicts of interest between the Adviser and the Fund. Additionally, the Principal is also bound by the Adviser's Code of Ethics as discussed in Item 11 below.
- D. The Adviser does not recommend or select other investment advisers for its Clients.

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

- A. The Adviser has adopted a written Code of Ethics designed to address and avoid potential conflicts of interest as required under Rule 204A-1 of the Advisers Act (the “Code”). The Code sets forth a standard of business conduct and compliance with federal securities laws by all of the Adviser's employees. The Code contains policies and procedures that ensure that all personal securities trading by employees of the Adviser is conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an individual's position of trust and responsibility. The Adviser prohibits personal trading on certain securities or instruments; requires pre-clearance of personal trades in certain circumstances, including purchases of an IPO or a new private placement; requires periodic reporting of employees' personal securities transactions and holdings; and requires prompt internal reporting of Code violations.

The Adviser has established procedures to prevent the abuse of material, non-public information, which includes procedures for, among other things, the use and maintenance of restricted trading lists. Because the structure of the Adviser would make information barriers impractical, the firm has not imposed information barriers to restrict the internal flow of possible material, non-public information. Thus, all professionals are deemed to be in receipt of material, non-public information, in all instances where any professional of the Adviser has received material, non- public information, and, therefore, may not trade on the basis of that information.

The Adviser will provide a copy of the Code to any investor or prospective investor upon request.

- B. The Adviser's Principal is a member of the Fund. Therefore the Adviser may be deemed to recommend to Clients or buy or sell for Clients, investments in which the Adviser has a material financial interest.
- C. The Principal has made capital commitments to the Fund. Such amount may be invested pro rata with the members of the Fund in all Fund portfolio investments. In the view of the Principal, this aligns the interests of the Principal with the Fund and its investors and does not result in any conflicts of interest between the Adviser and the Fund.
- D. Subject to the requirements of the Code, the Adviser may recommend investments to Clients, or make investments for Clients, at or about the same time that the Adviser or its related persons buys or sells the same investments for their own account.

Item 12 - Brokerage Practices

- A. The Adviser has complete discretion to determine, subject to each Client's disclosed investment objectives, policies and strategies, the securities to be purchased or sold and in what amounts, the broker-dealers and other financial intermediaries use in effecting the transactions for Clients, and the commission rates to be paid for such transactions.

Brokerage. The Adviser selects the broker-dealers and other financial intermediaries used to effect transactions on behalf of its Clients. The Adviser seeks to obtain "best execution" from these broker-dealers based on a variety of factors. In selecting broker-dealers to effect portfolio transactions, the Adviser may cause a Client to enter into arrangements pursuant to which the Client pays transaction costs in an amount greater than would be incurred if another broker-dealer were used. The Adviser is not required to solicit competitive bids or seek the lowest available commission or transaction costs. The transactions executed by a Client may be cleared through, and the Client's investment instruments may be held by, a number of financial institutions the Adviser selects on terms negotiated with each such financial institution individually. Subject to the Adviser's agreement with each Client, the Adviser generally will use a variety of financial institutions both to take advantage of differing expertise and capabilities and to avoid, due to credit concerns, having all investment instruments concentrated at one firm. The Adviser does not consider the receipt of Client referrals when selecting broker-dealers to execute transactions.

The Adviser does not permit clients to direct brokerage to a specified broker-dealer. All brokerage transactions will be executed through the broker-dealers selected by the Adviser.

Soft Dollars. The Adviser or its affiliates may receive from a Client's broker-dealers products and services in addition to brokerage services.

A portion of the commissions generated on a Client's brokerage transactions may generate "soft dollar" credits that the Adviser is authorized to use to pay for research and other non-research related services and products used by the Adviser or its affiliates. The Adviser may enter into "soft dollar" arrangements with one or more broker-dealers whereby the Adviser will direct securities transactions to the broker-dealer in return for research products and services from the broker-dealer. Although the Adviser will use the research and services in making investment decisions for the applicable Client, the Adviser may use such research or services for other Clients and the applicable Client will generally pay more than the lowest available commissions for execution of these transactions. The Adviser may also enter into "soft dollar" arrangements to cover Client expenses or costs and expenses of the Adviser to the extent such arrangements are permitted by law.

The Adviser has authority to use "soft dollar" credits generated by a Client's securities transactions to pay for expenses that might otherwise have been borne by the Adviser. This may give the Adviser an incentive to select brokers or dealers for Client transactions, or to negotiate commission rates or other execution terms, in a manner that takes into account the soft dollar benefits received by the Adviser rather than giving exclusive consideration to the interests of the Clients.

Item 12 – Brokerage Practices (continued)

In the event that the Adviser elects to use soft dollars, it intends to limit such use to services that fall within the safe harbor afforded by Section 28(e) of the Securities Exchange Act of 1934, as amended, or such services that are otherwise reasonably related to the investment decision-making process.

The term “soft dollars” refers to the receipt by an investment adviser of products and services provided by brokers, without any cash payment by the investment adviser, based on the volume of revenues generated from brokerage commissions for transactions executed for clients of the investment adviser. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation equipment).

The use of brokerage commissions to obtain investment research services and to pay for the administrative costs and expenses of the Adviser creates a conflict of interest between the Adviser and its Clients, because a Client may pay for such products and services that are not exclusively for the benefit of the Client and that may be primarily or exclusively for the benefit of the Adviser. To the extent that the Adviser is able to acquire these products and services without expending its own resources (including management fees paid by a Client), the Adviser’s use of “soft-dollars” would tend to increase the Adviser’s profitability. In addition, the availability of these non-monetary benefits may influence the Adviser to select one broker rather than another to perform services for its Clients. Certain of the Clients’ Offering Documents, including the Funds’ Offering Documents, specifically authorize these practices to the fullest extent permitted by law.

- B. In general (and when applicable), the Adviser attempts to aggregate multiple orders for the purchase or sale of the same instrument into block transactions, subject to the overall obligation to achieve best price and execution for its Clients.

Item 13 - Review of Accounts

- A. The Principal of the Adviser is responsible for reviewing Client investment portfolios on a daily basis relating to, among other factors, position sizes; exposure levels; margin requirements; and investment strategy compliance.
- B. See Item 13.A. above.
- C. The Adviser provides Fund investors with audited annual financial statements, periodic reports and other communications, and all tax information relating to their investments in the Fund necessary for U.S. federal income tax purposes.

Item 14 - Client Referrals and Other Compensation

- A. The Adviser does not receive any economic benefit, including sales awards or prizes, from any third party for providing advisory services to the Fund.
- B. The Adviser may enter into agreements with persons who refer potential investors for the Fund to the Adviser. For their referral services, these persons may receive compensation from the Adviser in the form of a percentage of the Management Fee and/or Performance Allocation that the Adviser and its affiliates receive from the Fund with respect to the referred investors. All solicitation arrangements that the Adviser may enter into will be designed to be in compliance with Rule 206(4)-3 under the Advisers Act and any similar state regulations. The Fund and its underlying investors are not responsible for any of the fees paid to the referring persons.

Item 15 - Custody

The Adviser is deemed, under Rule 206(4)-2 of the Advisers Act, to have custody of the assets of the Fund by virtue of the common control of the Adviser and the General Partner of the Fund. All assets and securities of the Fund are held by qualified custodians. As noted in Item 13 above, Fund investors receive annual financial statements audited by an independent public accounting firm. Fund investors are urged to carefully review these statements.

Item 16 - Investment Discretion

The Adviser exercises discretion in managing the investments of the Fund based on the Funds' investment objectives, policies, and strategies disclosed in its Offering Documents.

The Adviser contractually assumes discretionary authority over the assets of the Fund under an investment management agreement entered into among the Adviser and the Fund.

The Adviser contractually assumes discretionary authority with each Account under an investment management agreement with the Account

Item 17 - Voting Client Securities

The Adviser follows a proxy voting policy to ensure that proxies the firm votes, on behalf of each Client, are voted to further the best interest of that Client. The policy establishes a mechanism to address any conflicts of interests between the Adviser and its Clients. Further, the policy establishes how a Client's underlying investors may obtain information on how the proxies have been voted.

The Adviser determines how to vote after studying the proxy materials and any other materials that may be necessary or beneficial to voting. The Adviser votes proxies in a manner that it believes reasonably furthers the best interests of its Clients and their investors and is consistent with the investment philosophy as set forth in the relevant Client Offering Documents.

If a proxy vote creates a material conflict between the interests of the Adviser and a Client, the Adviser will resolve the conflict before voting the proxies. The Adviser will take steps designed to ensure that a decision to vote the proxy was based on the Adviser's determination of the Client's best interest and was not the product of the conflict.

The Adviser maintains records of (i) all proxy votes that are made on behalf of its Clients; (ii) all written requests from each Client's underlying investors regarding voting history; and (iii) all responses (written and oral) to investors' requests. Such records are available to each Client's underlying investors upon request.

Item 18 - Financial Information

- A. The Adviser does not require or solicit prepayment of more than \$500, six months or more in advance.
- B. The Adviser does not believe it has any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to the Fund.
- C. The Adviser has not been the subject of a bankruptcy petition at any time during the past ten years.