



Part 2A of Form ADV: Atorus Investment Management LLC - *Brochure*

Item 1 - Cover
Page

August 29, 2015

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This Brochure provides information about the qualifications and business practices of Atorus Investment Management LLC (the “Adviser” or the “firm”). If you have any questions about the contents of this Brochure, please contact us at (978) 295-1765. 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.

Atorus Investment Management LLC has filed an SEC registration application as a registered investment adviser. 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 upon which you determine to hire or retain an investment adviser.

Additional information about Atorus Investment Management LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 - Material Changes

On August 28, 2015, the firm submitted its Investment Adviser registration application to the Securities and Exchange Commission. As of the date of this Brochure, the Adviser's regulatory assets under management were \$0. The firm is a newly formed adviser who expects to be eligible for SEC registration within 120 days.

Accordingly, pursuant to disclosure rules under the Investment Advisers Act of 1940, as amended ("Advisers Act"), this is the first brochure compiled by the firm to provide new and prospective investors with clearly written, meaningful, current disclosure of its business practices, conflicts of interest and the background of its advisory personnel. All recipients of this Brochure are encouraged to read it carefully in its entirety.

In the future, this Item will identify and discuss the material changes since the last annual update to assist investors and make them aware of certain information that has changed since the prior year's Brochure.

IMPORTANT NOTE ABOUT THIS DISCLOSURE BROCHURE

This Disclosure Brochure is not:

- **an offer or agreement to provide advisory services to any person**
- **an offer to sell interests (or a solicitation of an offer to purchase interests) in any Fund (as defined below)**
- **a complete discussion of the features, risks or conflicts associated with any Fund**

As required by the Advisers Act, the Adviser provides this Brochure to current and prospective clients and may also, in its discretion, provide this Brochure to current or prospective investors with other relevant governing documents such as private offering memorandum. Although this publicly available Brochure describes investment advisory services and products of the Adviser, persons who receive this Brochure (whether or not from the Adviser) should be aware that it is designed solely to provide information about the Adviser as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in relevant governing documents. More complete information about each Fund is included in relevant governing documents, certain of which may be provided to current and eligible prospective investors only by the Adviser. To the extent that there is any conflict between discussions herein and similar or related discussions in any governing documents, the relevant governing documents shall govern and control.

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Item 4 - Advisory Business

- A. The Adviser is a Delaware limited liability company and has its principal place of business in Boston, Massachusetts. The Adviser will provide discretionary investment advisory services to various pooled investment vehicles operating as private funds for sophisticated, qualified investors, including: high net worth individuals, retirement plans, trusts, partnerships, corporations, or other businesses (each a “Client” or “Fund” and, collectively, the “Clients” or “Funds”).¹

The Adviser was formed in 2015 by Joshua Levy. The principals of the Adviser are Michael Fowler, Joshua Levy, and Carey Metz (the “Principals”).

- B. The Adviser will seek to employ a risk-conscious and proprietary dynamic trading methodology that aims to minimize volatility and generate consistent uncorrelated returns throughout both up and down markets. The Adviser believes that its focused strategy with moderate leverage will translate to consistent returns, low volatility, low correlation and strong capital preservation. The Adviser expects to use leverage in pursuit of enhanced returns.
- 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 August 28, 2015, the Adviser manages \$0 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 generally compensated in connection with providing advisory services to its Clients. However, the Adviser may enter into different fee arrangements on a Client by Client basis. A potential investor should read and review any and all Offering Documents in their entirety before making any investment decisions.

Management Fees. In consideration for the investment management services to be provided by the Adviser, the Clients will generally pay the Adviser a quarterly management fee (the “Management Fee”). A Fund, as a limited partner of the master fund, will be charged its pro rata share of such Management Fee, and each investor will be charged its pro rata share thereof. The Management Fee will be payable quarterly in advance and will be deducted in determining the net profit or net loss of the master fund. The Management Fee will be calculated based on the balance in each investor’s capital account maintained in a Fund (and its corresponding Sub-Account at the master fund level) as of the beginning of each calendar quarter in an amount equal to:

- for Series A investors (as defined below), 0.5% (approximately 2.0% annualized) of the balance in such Series A investor’s capital account (computed prior to the payment or accrual of any Performance Allocation) provided that there will be no Management Fee subsequently charged upon the occurrence of the “Management Fee Reduction Date.” The “Management Fee Reduction Date” shall be the second anniversary of the end of the initial investment period.
- for Series B investors (as defined below), 0.5% (approximately 2.0% annualized) of the balance in such Series B investor’s capital account (computed prior to the payment or accrual of any Performance Allocation).

As the Adviser will generally be paid the Management Fee at the master fund level, no additional management fee will generally be paid to the Adviser at a Fund level.

The Adviser may waive, reduce or rebate the Management Fee with respect to the capital accounts of certain investors, including affiliates of the General Partner (as defined in Item 10.C.) and/or Adviser, employees of the Adviser and/or the General Partner, parents, parents-in-law, siblings, siblings-in-law, children or spouses of such employees and members of Atorus Holdings LLC, the sole member of the Adviser; provided, however, that no such waiver, reduction or rebate will adversely impact any other investor or cause them to bear a higher portion of the Management Fee than they would bear absent such waiver, reduction or rebate.

The Adviser will bear all of its own normal and recurring operating expenses and overhead costs incurred in connection with the investment and other management services that it will provide to the Clients, including travel, entertainment and marketing expenses. The Management Fee may exceed the expenses borne by the Adviser on behalf of the Clients.

Performance Allocation. Generally, at the end of each calendar quarter, the General Partner will have reallocated to its capital account in the master fund a portion (subject to recovery of net losses allocated to such investor’s Loss Recovery Sub-Account (as defined below)) of the Net Increase for such calendar quarter (such reallocated portion, the “Performance Allocation”). For purposes hereof, “Net Increase” will mean a Fund’s excess realized and unrealized net profits (prior to giving effect to any Performance Allocation but after reduction for the Management Fee and other expenses and fees incurred by a Fund, including its pro

rata portion of the fees and expenses incurred by the master fund) over realized and unrealized net losses allocated to the capital accounts of the investors of a Fund for such calendar quarter (or other such fiscal period, if applicable, and after giving effect to the Performance Allocation, the Management Fee and other expenses and fees incurred by the Client for such prior period and after adjustment to reflect withdrawals during such period). The Performance Allocation, while generally not taken at a Fund level, will still be made with respect to each of a Fund's investors through reductions to each investor's Sub-Account maintained with respect to a series and corresponding adjustments to each such investor's capital account maintained for such series in a Fund. As the General Partner will generally take the Performance Allocation at the master fund level, no additional performance allocation will be taken at a Fund level. If an investor is permitted or required to withdraw all or a portion of its capital from a Fund other than at the end of a calendar quarter, the Performance Allocation with respect to the portion being withdrawn will be determined through the applicable withdrawal date.

Each investor will be charged a Performance Allocation for the applicable calendar quarter equal to:

- for investors holding Series A Interests ("Series A investors"), twenty percent (20%) of the Net Increase attributable to such investor's capital account (and reflected in the corresponding Sub-Account of such investor) provided that there will be no Performance Allocation subsequently charged to such investor's capital account upon the occurrence of the "Performance Allocation Reduction Date." The "Performance Allocation Reduction Date" shall be the second anniversary of the end of the initial investment period.
- for investors holding Series B Interests ("Series B investors"), twenty percent (20%) of the Net Increase attributable to such investor's capital account (and reflected in the corresponding Sub-Account of such investor).

The master fund will maintain a memorandum loss recovery sub-account (sometimes referred to as a "high watermark") (a "Loss Recovery Sub-Account") that corresponds to the Sub-Account maintained for each series of each investor in a Fund. For each calendar quarter, or each interim valuation period when a calculation of the Performance Allocation is required pursuant to the terms of a Fund agreement, each investor's Loss Recovery Sub-Account maintained for a series will be increased by the aggregate net losses, if any, allocated to such investor's capital account (and corresponding Sub-Account) maintained for such series for such calendar quarter. The balance in each investor's Loss Recovery Sub-Account maintained for a series will subsequently be reduced (but not below zero) by any net profits allocated to such investor's capital account (and corresponding Sub-Account) (before any Performance Allocation) maintained for such series. In the event that an investor withdraws all or a portion of its capital account maintained for a series when there is an unrecovered balance in the Loss Recovery Sub-Account established in respect of the Sub-Account corresponding to such capital account, the unrecovered balance in such Loss Recovery Sub-Account will be reduced as of the beginning of the valuation period following such withdrawal by an amount equal to the product obtained by multiplying the balance in such Loss Recovery Sub-Account by a fraction, the numerator of which is the amount withdrawn from such capital account and the denominator of which is the balance in such capital account immediately prior to such withdrawal. Additional capital contributions will not affect an investor's Loss Recovery Sub-Account(s). The General Partner will not be allocated any Performance Allocation with respect to an investor's Sub-Account maintained for a series

until such investor has recovered any net losses allocated to its Loss Recovery Sub-Account maintained for such series.

The General Partner may waive, reduce or rebate the Performance Allocation with respect to certain investors, including affiliates of the General Partner and/or Adviser, employees of the Adviser and/or the General Partner, parents, parents-in-law, siblings, siblings-in-law, children or spouses of such employees and members of Atorus Holdings, the sole member of the Adviser; provided, however, that no such waiver, reduction or rebate will adversely impact any other investor or cause them to bear a higher portion of the Performance Allocation than they would bear absent such waiver, reduction or rebate.

Operating and Organizational Expenses. A Fund will pay, whether directly or through reimbursement of the General Partner or one of its affiliates, all costs and expenses related to its investments and its operations, including, without limitation, brokerage and other transaction costs, data fees, clearing and settlement charges, trade break fees, brokerage products and services (including, Bloomberg, risk management services and order management systems), software and programming fees and expenses, custodial fees, administrator fees and expenses, the fees of the operation and compliance consultant, third party valuation services, initial and variation margin, interest and commitment fees on debit balances or borrowings, stock borrowing fees and proxy solicitation expenses, legal expenses, audit and tax preparation expenses, accounting fees, insurance expenses including costs of any liability insurance obtained on behalf of the Client or officers' and directors' insurance, indemnification expenses, the Management Fee, government and regulatory costs and expenses (including filing and license fees and preparation and submission of filings and licenses) in connection with specific investments or offering interests in a Fund, any issue or transfer taxes chargeable in connection with any securities transactions, any entity level taxes and fees, costs of reporting and providing information to investors (including updates to Offering Documents), and costs of litigation or investigation involving Fund activities, and any extraordinary expenses. Expenses are generally shared by all of the investors, while expenses related to one or more particular series or classes of interests will be allocated accordingly by the General Partner.

A Fund will also be responsible for its pro rata portion of the master fund's costs and expenses, the nature of which costs and expenses are anticipated to be similar to those of a Fund. A portion of a Fund's and/or the master fund's operating expenses may be shared with other investment entities or accounts managed by the Adviser, the General Partner or their affiliates on an equitable basis and a Fund may likewise share a portion of the operating expenses of such other investment entities and accounts.

Organizational costs of a Fund and the costs incurred in connection with the initial issuance of interests, including legal and accounting fees, document production and printing costs, federal and state filing fees, and other related expenses, will be paid for by the Fund. The General Partner or one of its affiliates (including the Adviser) may elect from time to time to pay certain of the Fund's expenses. It is anticipated that organizational costs will be amortized by a Fund, in the discretion of the General Partner, for financial reporting purposes over a period of five years. The General Partner believes that amortizing such expenses is more equitable than expensing the entire amount during the first year of operations, as is required by U.S. generally accepted accounting principles (GAAP), and also conforms to industry practice.

Miscellaneous. The Adviser may grant waivers of the Management Fees and Performance Allocations to principals, affiliates, and employees of the Adviser.

The Adviser may agree with certain investors to a variation of the terms set forth in a Fund's Offering Documents, including different Management Fees, Performance Allocations, and withdrawal rights.

Lower fees for comparable services may be available from other sources.

- B. The fees charged by the Adviser will generally be deducted from Clients' assets. The frequency of such deduction is 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 detail in each Client's Offering Documents.
- D. The Management Fee is paid in advance on a quarterly basis, as indicated in Item 5.A.
- E. Other than as described above, neither the Adviser nor any of its supervised persons receive 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 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 intends to provide investment advisory services to private funds for sophisticated, qualified investors, including: high net worth individuals, retirement plans, trusts, partnerships, corporations, or other businesses.

The minimum investment in a Fund is \$2,000,000, although the Adviser may accept investments in a lesser amount at its sole discretion.

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

A. Investment Objective and Philosophy

Investment Objective

The Adviser will seek to employ a risk-conscious and proprietary dynamic trading methodology that aims to minimize volatility and generate consistent uncorrelated returns throughout both up and down markets.

Investment Strategy and Process

The Adviser intends to diversify the portfolio with a large number of positions across two main asset classes; global macro instruments (G20 rates, futures to express views on indices and commodities), FX and listed equities of G8 countries. The Adviser's investment approach will combine three discrete stages; portfolio construction, directional bias and timing, and risk management. In the first stage, the portfolio will be constructed focusing on liquidity, randomness, and with the goal of mitigating volatility. Free from subjective bias, the second stage, using proprietary methodologies where realized volatility and actual historical price are the key inputs, will attempt to identify the likely directional bias of individual positions, position sizing and timing of entry and exit of positions. The final stage of the investment process will be robust risk controls, with particular focus on risk adjusted position sizing, and overall leverage.

It is anticipated that the Client's gross exposure will generally range from 200% to 400%. However, the gross exposure of the Client may, at the discretion of the Adviser, be below 200% or above 400% at certain times. The Adviser expects to use leverage in pursuit of enhanced returns.

Other Investment Considerations

The Adviser's investment strategy and process employs certain quantitative and systematic trading approaches. These approaches rely on computer hardware and technical software systems in order to apply mathematical and statistical models to historical and current data in an attempt to identify profit opportunities. The models generate investment suggestions based on their analysis of data.

From time to time, the Client may purchase "new issues", as defined in Financial Industry Regulatory Authority, Inc. ("FINRA") Rule 5130, or any successor provision thereto ("Rule 5130"). Pursuant to Rule 5130 and FINRA Rule 5131, or any successor provision thereto ("Rule 5131"), certain investor may be restricted from participating in new issues, including FINRA members, other broker-dealers and their affiliates, certain personnel of broker-dealers, certain finders and fiduciaries and portfolio managers of certain entities and accounts, including collective investment accounts (which include hedge funds) and directors and executive officers of U.S. public companies and other companies that meet certain financial thresholds. A Fund agreement will provide the General Partner with the authority to exclude participation in new issues by any investor who the General Partner determines to fall within the FINRA prohibition.

The Client may also take short positions in securities. In addition to short positions, the Client

also may invest in a variety of derivative instruments, including, without limitation, over-the-counter (OTC) instruments, total return swaps, options, futures, currency and forward agreements and contracts on commodities or commodity indices, which will be used to attempt to hedge existing long and short positions, as well as for independent profit opportunities.

In an effort to maximize returns, the Adviser will also employ, from time to time, leverage as a normal course of its strategy. The Adviser believes that leverage will create the opportunity to increase the return profile for the portfolio and increase the probability of realizing the investment objective.

The Client will hold any cash balances it may accumulate for investment, reinvestment or distribution to the investors in short-term debt securities, securities subject to repurchase agreements, money market mutual funds, interest-bearing bank accounts or other securities. The cash balances of a Fund will vary from time to time, as the Adviser may deem advisable. The Adviser may also deem it advisable to hold no cash balances whatsoever from time to time.

In general, although there are specific investment guidelines inherent in the model and investment philosophy, the Adviser's investment strategy has been structured to provide it with flexibility to achieve the Client's investment objective. It is impossible to predict the degree of profitability, if any, that may be achieved from the investment strategy described herein. The Adviser will endeavor to commit the Client's resources among the various investments and strategies consistent with the philosophy and process articulated herein and in response to changing market conditions and opportunities. The risks of the Client's business are considerable and an investor could realize substantial losses, rather than gains, from some or all of the investments and strategies described herein. See Item 8.B. below.

There can be no assurance that the Client's investment objective will be achieved, and certain investment practices (*e.g.*, the use of leverage, short sales, the concentration of investments, and use of commodities) may, in some circumstances, increase any adverse impact to which the Client's investment portfolio may be subject.

The descriptions contained herein of specific strategies that are or may be engaged in by the Adviser should not be understood as in any way limiting the Adviser's investment activities. The Client may engage in investment strategies not described herein that the Adviser considers appropriate. The foregoing discussion includes and is based upon numerous assumptions and opinions of the Adviser concerning world financial markets and other matters, the accuracy of which cannot be assured.

The investment program of the Adviser is speculative and entails substantial risks. Since market risks are inherent in all investments to varying degrees, there can be no assurance that the Client's investment objective will be achieved or that substantial losses will not be incurred. Each potential investor should carefully review Item 8.B. below for a discussion of the risks associated with Adviser's investing strategies. The above discussion is of a general nature and is not intended to be exhaustive.

B. Material Risks Involved

Market and Investment Risks

Investment and Trading Risks. An investment in a Fund involves a high degree of risk, including the risk that the entire amount invested may be lost. No guarantee or representation is made that the Adviser's investment program will be successful. The Adviser will be investing substantially all of a Fund's assets in securities, some of which may be particularly sensitive to economic, market, industry, regulatory and other variable conditions. The markets in which the Adviser expects to invest have in recent years experienced significant volatility and losses and may be subject to uncertainty and volatility in the future. No assurance can be given as to when or whether adverse events might occur that could cause immediate and significant losses to a Fund.

Proprietary Strategies and Software. The Adviser has developed proprietary well-defined individual strategies ("Strategies") that, individually or in conjunction, support a Fund's investment objective. Such Strategies and software are expected to guide and facilitate the day-to-day investment selections for a Fund. There are numerous risks associated with proprietary trading software generally, the Strategies and the risk management software used by the Adviser. Certain of these risks are described herein.

The Strategies are highly complex and, for their successful application, require relatively sophisticated mathematical calculations and relatively complex computer programs. These Strategies are dependent upon various computer and telecommunications technologies and upon adequate liquidity in the markets traded. The successful execution of the Strategies could be severely compromised by various adverse circumstances, including, but not limited to, a diminution in the liquidity of the markets traded, telecommunications failures, power loss and software-related "system crashes." There may also be periods when an otherwise highly successful system incurs major losses due to external factors dominating the market, such as natural catastrophes and political interventions. Transaction costs incurred by the Strategies may be significant. In addition, the difference between the expected price of a trade and the price at which a trade is executed ("slippage") may be significant and may result in losses for the Client.

The Adviser will utilize sophisticated computerized models to automatically determine and execute trade entry and exit conditions and to manage risk. Thus, the Strategies require significant real-time and historical data to be effectively analyzed. The ability of a Fund to achieve its investment objective is, therefore, based in part on the ability of the Adviser to continuously receive such data as required by the Strategies and the performance of the Strategies as implemented. In addition, there is no assurance that the Strategies will be effective in all market conditions or that the Adviser has considered all factors necessary for the Strategies to function properly. There is also no assurance that risk management factors will be accurately or timely determined by the Adviser given changing market conditions. Accordingly, there are no assurances that a Fund will not be exposed to the risk of significant losses, particularly if the underlying patterns of market behavior studied by the Adviser and which provide the basis for its statistical models change in ways not anticipated by the Adviser.

As the Strategies and software are proprietary, a Client will not be able to determine the full details of the investment process or whether the process is being followed. Although the Adviser intends to monitor its Strategies and seeks to make enhancements and changes as necessary, there is no assurance that the Adviser will be able to modify the Strategies to adapt to changing market conditions or other factors. The Adviser and its affiliates may be required to attract and retain scientists, mathematicians and other professionals in connection with monitoring and enhancing the Strategies and the software. The competition for attracting and

retaining such professionals may be significant, and there is no assurance that the Investment Manager and its affiliates will be able to continue to do so.

The proprietary software used in the Adviser's investment strategy is owned by an affiliate of the Adviser and licensed to the Adviser. Such software may be used by the Adviser and its affiliates for other Funds or accounts they manage, and it may also be licensed to third parties. If a third party successfully claims that any portion of the software infringes on its technology, it could have an adverse effect on the Adviser.

The Adviser expects to expand both current and additional securities universes (including in foreign markets) for the Funds to invest in. There is no assurance that applicable Strategies will be developed or that their implementation will be successful. Furthermore, although the Adviser only expects to use such Strategies after successful back-testing, investors in a Fund may not receive notice of such implementation of Strategies or new universes and will have no right to consent thereto.

The Adviser may elect to disregard any trade recommendation generated by the Strategies if, in the opinion of the Chief Executive Officer and the Chief Investment Officer, such recommendation is based on information that is not representative of then-current risk, liquidity or other market conditions or factors. The Adviser also employs a rigorous research process to develop Strategies and utilizes human judgment and the consideration of the portfolio characteristics of different Strategies and the combinations thereof to guide the choice of which Strategies and configurations to incorporate into the portfolio. There are certain risks associated with such intervention and human judgment including that such person has sufficient facts to make an accurate determination to disregard a trade recommendation and select or develop the appropriate Strategy and, given the expected rapid nature of trades, that such determination can be made in a timely manner.

Technical Analysis and Trading Systems. The Adviser employs trading systems with respect to the Strategies. These systems rely on information intrinsic to the market itself to determine trades, including prices, and volatility. As discussed above, the Strategies can incur major losses when factors exogenous to the markets themselves, including political events, natural catastrophes, acts of war or terrorism, dominate the markets.

Possible Effects of Trading Systems. There has been, in recent years, a substantial increase in interest in technical trading systems similar to the Adviser's systems. As the capital under the management of such trading systems based on the same general principles increases, an increasing number of traders may attempt to initiate or liquidate substantial positions at or about the same time as the Adviser, or otherwise alter historical trading patterns or affect the execution of trades, which could be to the significant detriment of the Adviser.

Trade Execution and Costs; Frequency of Trading. Trade recommendations generated by the Strategies will be made at intervals ranging from thirty minutes or less to one trading day or more, and the particular Strategy will generally determine the optimal size, type and price of trades. Therefore, the turnover rate of a Fund's positions may be significant, potentially involving substantial brokerage commissions and fees as well as clearing costs. The Adviser expects that a significant portion, if not all, of its trades will be executed through electronic trading systems provided by brokerage firms and third parties.

Trades placed by electronic means are governed by the terms of the relevant electronic brokerage trading agreements and by exchange rules, if any. Risks associated with electronic trading include system failures, security breaches, and inconsistent procedures and requirements among the trading systems. If the assets of a Fund become significant and/or a

Fund trades in securities with smaller capitalizations, the Adviser may experience difficulties in executing trades at reasonable prices or in a manner consistent with the trade recommendations, as the Fund's trades in a security could adversely affect its price and/or availability.

Concentration of Investments. A Fund's portfolio may, from time to time, be concentrated in a particular type of security, industry, geographic location or market capitalization. This may be the result of a Fund's opportunistic investing, external market forces or the lack of liquidity in one security as compared to other securities the Fund holds. Losses incurred in a position making up a significant percentage of a Fund's capital could have a material adverse effect on the Fund's overall financial condition. This limited diversity could expose a Fund to significantly greater volatility than in a more diversified portfolio.

Risk Management. Although the Adviser expects to use certain risk management parameters and methods to seek to reduce a Fund's exposure to certain risks, there is no assurance that such risk management parameters and methods will be successful. The Adviser does not seek to reduce or limit, and may retain a Fund's exposure to, various risks to the extent that the Adviser believes they provide appropriate opportunities for returns. Judgments about the relationship between risks and returns, and appropriate risk reduction strategies are subjective, and the desired risk levels may not be obtained or may prove to have been too high or too low. The Adviser's risk assessment methods, as in effect from time to time, may not accurately identify or quantify the risks to which a Fund is exposed, which could limit the Adviser's ability to manage the Fund's risks. The Adviser's risk management techniques and strategies, as in effect from time to time, may not fully achieve the targeted risk exposures in all economic or market environments, and may be ineffective to reduce certain types of risk, including but not limited to unidentified or unanticipated risks. Anticipated correlations among the returns of various investments may not materialize. Risk management techniques may be difficult to calibrate and expensive to implement and thus may have the effect of reducing a Fund's returns by more than anticipated. There can be no guarantee that the Adviser's risk assessment methods and management techniques and strategies will be effective or that the Adviser's relative value strategies will generate positive returns.

Equity Securities Generally. The Adviser will primarily invest in equity and equity-related securities in primarily the U.S. but also in other countries. The value of these financial instruments generally will vary with the performance of the issuer and movements in the equity markets. As a result, a Fund may suffer losses if it invests in equity instruments of issuers whose performance diverges from the Adviser's expectations or if equity markets generally move in a single direction and the Adviser has not hedged against such a general move.

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

Short sale transactions have been subject to increased regulatory scrutiny in response to market events in recent years, including the imposition of restrictions on short selling certain securities and reporting requirements. The Adviser's ability to execute a short selling strategy may be

materially adversely impacted by temporary and/or new permanent rules, interpretations, prohibitions, and restrictions adopted in response to these adverse market events. Temporary restrictions and/or prohibitions on short selling activity may be imposed by regulatory authorities with little or no advance notice and may impact prior trading activities of the Adviser. Additionally, the SEC, its foreign counterparts, other governmental authorities and/or self-regulatory organizations may at any time promulgate permanent rules or interpretations consistent with such temporary restrictions or that impose additional or different permanent or temporary limitations or prohibitions. The SEC might impose different limitations and/or prohibitions on short selling from those imposed by various non-U.S. regulatory authorities. These different regulations, rules or interpretations might have different effective periods.

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

Small-Cap and Mid-Cap Risks. The Adviser may invest in equities of small- and mid-capitalization companies. While, in the Adviser's opinion, the securities of small- and mid-cap issuers may offer the potential for greater capital appreciation than investment in securities of larger-cap issuers, securities of small- and mid-capitalization issuers may also present greater risks. For example, some small- and mid-cap issuers have limited product lines, markets, or financial resources and may be dependent for management on one or a few key persons. In addition, such issuers may be subject to high volatility in revenues, expenses and earnings. Their securities may be thinly traded, may be followed by fewer investment analysts and may be subject to wider price swings and thus may create a greater chance of loss than when investing in securities of larger-cap issuers. In addition, due to thin trading in many smaller capitalization stocks, an investment in such stocks may be characterized by reduced liquidity. Further, the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is potentially higher than for larger, "blue-chip" companies. The market prices of securities of small- and mid-cap issuers generally are more sensitive to changes in earnings expectations, corporate developments, and market rumors than are the market prices of larger-cap issuers. Transaction costs in securities of small- and mid-cap issuers may be higher than in those of large-cap issuers. There may be less information about small and mid-cap companies than larger cap companies.

Use of Leverage. The Adviser expects to leverage a Fund's portfolio through margin and other debt in order to increase the amount of capital available for investments. Although leverage increases returns to the Clients if the Adviser earns a greater return on the incremental investments purchased with borrowed funds than it pays for such funds, the use of leverage decreases returns to the Clients if the Adviser fails to earn as much on such incremental investments as it pays for such funds. In the event that the Adviser leverages its portfolio, fluctuations in the market value of a Fund's portfolio will have a significant effect in relation to

the Fund's capital, and the risk of loss and the possibility of gain will each be increased. In addition, when the Adviser utilizes leverage, the level of interest rates generally, and the rates at which the Adviser can borrow in particular, will be an expense of a Fund and therefore affect the operating results of the Fund. Leverage increases the risk of substantial losses (including the risk of a total loss of capital), and leverage can significantly magnify the volatility of a Fund's portfolio.

The Adviser may use short-term margin borrowing in purchasing securities positions. Such borrowing, if made, may result in certain additional risks to a Fund. For example, should the securities pledged to brokers to secure the Adviser's margin accounts decline in value, the Adviser could be subject to a "margin call" pursuant to which a Fund would be required to either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden, precipitous drop in value of a Fund's assets, the Adviser might not be able to liquidate assets quickly enough to pay off its margin debt.

Fixed Income Securities. The Adviser may invest in investment grade and below investment grade bonds or other fixed income securities of U.S. and non-U.S. issuers, including, without limitation, bonds, notes and debentures issued by corporations; debt securities issued or guaranteed by the U.S. government or one of its agencies or instrumentalities, sovereign debt issued or guaranteed by foreign governments; and commercial paper. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities in which the Adviser invests 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).

Credit obligations are subject to certain risks including credit risk and interest rate risk. "Credit risk" refers to the likelihood that an issuer will default in the payment of principal and/or interest on an instrument. Financial strength and solvency of an issuer are the primary factors influencing credit risk. In addition, inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an instrument, and debt obligations which are rated by rating agencies are often reviewed and may be subject to downgrade. "Interest rate risk" refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules.

Preferred Shares. The Adviser may invest in the preferred shares of certain companies. Preferred shares may pay dividends at a specific rate and generally have preference over common stock in the payment of dividends in a liquidation of assets but rank after debt securities. Unlike interest payments on debt securities, dividends on preferred shares are generally payable at the discretion of the board of directors of the issuer. The market prices of

preferred shares are subject to changes in interest rates and are more sensitive to changes in the issuer's creditworthiness than are the prices of debt securities.

Risks of Investments in Options. Investing in options can provide greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment (*i.e.*, the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (*i.e.*, sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value. Over-the-counter options that the Adviser may use in its investment strategies generally are not assignable except by agreement between the parties concerned, and no party or purchaser has any obligation to permit such assignments. The over-the-counter market for options is relatively illiquid, particularly for relatively small transactions.

Put and Call Options. The Adviser may purchase exchange-listed and over-the-counter ("OTC") put and call options. In addition, the Adviser may write and sell covered or uncovered call and put option contracts. A call option gives the purchaser of the option the right to buy, and obligates the writer to sell, the underlying investments at a stated exercise price at any time prior to the expiration of the option. Similarly, a put option gives the purchaser of the option the right to sell, and obligates the writer to buy, the underlying investments at a stated exercise price at any time prior to the expiration of the option. Options written by the Adviser may be wholly or partially covered (meaning that the Adviser holds an offsetting position) or uncovered. Options on specific investments may be used by the Adviser to seek enhanced profits with respect to a particular investment. Alternatively, they may be used for various defensive or hedging purposes. For example, they may be used to protect against a future adverse change in the market price of particular portfolio investments held by the Adviser without requiring a sale of the investments.

Use of put and call options may result in losses to a Fund, force the sale or purchase of portfolio investments at inopportune times or for prices higher than (in the case of put options) or lower than (in the case of call options) current market values, limit the amount of appreciation the Fund can realize on their investments or cause the Fund to hold an investment it might otherwise sell. For example, a decline in the market price of a particular investment could result in a complete loss of the amount expended by a Fund to purchase a call option (equal to the premium paid for the option and any associated transaction charges). An adverse price movement may result in unanticipated losses with respect to covered options sold by a Fund. The use of uncovered option writing techniques may entail greater risks of potential loss to a Fund than other forms of options transactions. For example, a rise in the market price of the underlying investment will result in a Fund realizing a loss on the calls written, which would not be offset by the increase in the value of the underlying investments to the extent the call option position was uncovered.

Convertible Securities and Investments in Equity-Related Convertible Securities. The Adviser may invest a portion of its capital in convertible securities and equity-related convertible securities. Convertible securities are equities, bonds, debentures, preferred stocks or other securities that may be converted into or exchanged for a specified fixed or variable amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest that is generally

paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities have unique investment characteristics in that they generally (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities, (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases. The value of a convertible security is a function of its “investment value” (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its “conversion value” (the security’s worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors may also have an effect on the convertible security’s investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is influenced principally by its investment value. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income security. Generally, the amount of the premium decreases as the convertible security approaches maturity. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security’s governing instrument. If a convertible security held by the Adviser is called for redemption, the Adviser will be required, depending on the terms of the security, to permit the issuer to redeem the security, convert it into the underlying common stock, or sell it to a third party. Any of these actions could have an adverse effect on a Fund’s ability to meet its investment objective.

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

Hedging. The Adviser may utilize certain financial instruments and investment techniques for risk management or hedging purposes. There is no assurance that such risk management and hedging strategies will be successful, as such success will depend on, among other factors, the Adviser’s ability to predict the future correlation, if any, between the performance of the instruments utilized for hedging purposes and the performance of the investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Adviser’s hedging strategies may also be subject to the Adviser’s ability to correctly readjust and execute hedges in an efficient and timely manner. There is also a risk that such correlation will change over time rendering the hedge ineffective. It may be more

difficult to hedge a position in a smaller cap issuer than a larger-cap issuer. A Fund's portfolio is not expected to be completely hedged at all times and at various times the Adviser may elect to be more fully hedged and at other times hedged only to a limited extent, if at all. Accordingly, a Fund's assets may not be adequately protected from market volatility and other conditions.

Counterparty Risk. Some of the markets in which the Adviser may effect transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to the credit evaluation and regulatory oversight to which members of "exchange-based" markets are subject. This exposes a Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not *bona fide*) or because of a credit or liquidity problem, thus causing the Fund to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Adviser has concentrated its transactions with a single or small group of counterparties. Counterparties in foreign markets face increased risks, including the risk of being taken over by the government or becoming bankrupt in countries with limited if any rights for creditors. The Adviser is not restricted 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 and the absence of a regulated market to facilitate settlement may increase the potential for losses by a Fund. Counterparty risks also include the failure of executing brokers to honor, execute, or settle trades.

Pursuant to the Dodd-Frank Act (as defined below), some derivatives transactions will be subject to mandatory clearing and will also be subject to the margin requirements set forth by the clearinghouse. The additional margin, capital and collateral obligations may increase the cost of derivatives transactions and thereby potentially decrease the profitability of certain positions.

Purchasing Securities of Initial Public Offering. From time to time the Adviser may purchase securities that are part of initial public offerings. The prices of these securities may be very volatile. The issuers of these securities may be undercapitalized, have a limited operating history, and lack revenues or operating income without any prospects of achieving them in the near future. Some of these issuers may only make available a limited number of shares for trading and therefore it may be difficult for the Adviser to trade these securities without unfavorably impacting their prices. In addition, investors may lack extensive knowledge of the issuers of these securities. The Adviser may invest in securities that are "new issues," as defined by Rule 5130. Rule 5130 and Rule 5131 restrict certain persons from participating in "new issues." A Fund agreement provides a mechanism for the purchase of new issues that excludes participation in such investment by any investor that is deemed restricted.

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

transactions or to realize amounts to be received under such transactions. Swaps and certain other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty.

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

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

Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Adviser from promptly liquidating unfavorable positions and subject a Fund to substantial losses.

The General Partner has claimed an exemption from registration with the CFTC as a commodity pool operator pursuant to Rule 4.13(a)(3) under the CEA. Unlike a registered commodity pool operator, the General Partner is not required to deliver a disclosure document and a certified report to participants in a Fund. The Adviser has claimed an exemption from registration with the CFTC as a commodity trading advisor pursuant to Rule 4.14(a)(8) under the CEA.

Forward Trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements, and speculative position limits are not applicable. For example, there are no requirements with respect to record keeping, financial responsibility or segregation of customer funds or positions. In contrast to exchange-traded futures contracts, interbank traded instruments rely on the dealer or

contracting counterparty to fulfill its contract. As a result, trading in interbank foreign exchange contracts may be subject to more risks than futures or options trading on regulated exchanges, including, but not limited to, the risk of default due to the failure of a counterparty with which a Fund has forward contracts. Although the Adviser seeks to trade with responsible counterparties, failure by a counterparty to fulfill its contractual obligation could expose a Fund to unanticipated losses. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any currency market traded by a Fund due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward trading to less than that which the Adviser would otherwise recommend, to the possible detriment of a Fund. Market illiquidity or disruption could result in significant losses to a Fund.

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

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

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

In addition, changes or modifications in existing judicial decisions or in the current positions of the IRS, either taken administratively or as contained in published revenue rulings and revenue procedures (which changes or modifications may apply with retroactive effect), and the passage of new legislation, could lead to unfavorable treatment of certain non-U.S. investments which could adversely impact a Fund's portfolio.

Exchange Traded Funds. The Adviser may invest in and sell short shares of exchange traded funds ("ETFs") and other similar instruments. These transactions may be used to adjust a

Fund's exposure to the general market or industry sectors and to manage a Fund's risk exposure. ETFs and other similar instruments involve risks generally associated with investments in a broadly based portfolio of common stocks, including the risk that the general level of stock prices, or that the prices of stocks within a particular sector, may increase or decrease, thereby affecting the value of the shares of the ETF or other instruments.

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

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

General Economic and Market Conditions. The success of the Adviser's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of a Fund's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect, among other things, the level and volatility of securities' prices, the liquidity of a Fund's investments and the availability of certain securities and investments. Volatility or illiquidity could impair a Fund's profitability or result in losses. The Adviser may maintain substantial trading positions that can be materially adversely affected by the level of volatility in the financial markets—the larger the positions, the greater the potential for loss.

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

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), which aims to reform various aspects of the U.S. financial markets, covers a broad range of market participants including investment advisers (registered and unregistered) such as the Adviser. The Dodd-Frank Act may directly affect the Adviser by mandating additional new reporting requirements, including, but not limited to, position information, use of leverage and counterparty and credit risk exposure. Until the SEC implements the new reporting

requirements, it is unknown how burdensome such new reporting requirements will be.

The Dodd-Frank Act may also affect a Fund in a number of other ways. Pursuant to the Dodd-Frank Act, banks and other financial firms (like a Fund and the Adviser) may be designated as “Systemically Important Financial Institutions” or SIFIs. Any bank or financial firm so designated will be subject to regulation by the Federal Reserve Board. In the area of derivatives, the Dodd-Frank Act provides for the registration and comprehensive regulation of “major swap participants.” Although the General Partner and the Adviser believe they are unlikely to be classified as SIFIs and are not subject to the requirements for “major swap participants,” the consequences of being so classified could be substantial and adverse. In addition, the cost of derivative transactions may substantially increase as result of the Dodd-Frank Act as additional margin, capital and collateral obligations are implemented.

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

Currencies. The Adviser may invest portions of a Fund’s assets in instruments denominated in non-U.S. currencies or instruments the prices of which are determined with reference to currencies other than the U.S. dollar, including, without limitation, options on non-U.S. currencies. The Adviser, however, values a Fund’s securities and other assets in U.S. dollars. The Adviser may or may not seek to hedge all or any portion of the foreign currency exposure of a Fund. To the extent unhedged, the value of the assets of a Fund will fluctuate with U.S. dollar exchange rates as well as the price changes of the positions of a Fund in the various local markets and currencies. Thus, an increase in the value of the U.S. dollar compared to the other currencies in which the Adviser makes a Fund’s investments will reduce the effect of increases and magnify the effect of decreases in the prices of the securities and other financial instruments owned by a Fund in the local markets of such other currencies. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on the non-U.S. dollar securities and other financial instruments owned by a Fund.

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

Risks Associated with Pooled Investment Vehicles

Limited Operating History and Dependence on Key Personnel. Although members of the Adviser have substantial investment experience, the General Partner, the Adviser and a Fund have no history upon which a prospective investor may base its investment decision. The past performance of the strategies and products managed by the members of the Adviser are no guarantee of future performance.

Interests in a Fund are Illiquid. Because of the limitations on withdrawals and the fact that interests are not tradable, an investment in a Fund is relatively illiquid and involves a high degree of risk. A subscription for interests should be considered only by sophisticated investors financially able to maintain their investment and who can afford to lose all or a substantial part of such investment. There is no public market for interests.

Limitations on Investor Withdrawals and Transfers; Designated Investments. Subject to the initial withdrawal date, withdrawal fee, withdrawal notices, and other withdrawal restrictions, an investor in a pooled investment vehicle generally will not be permitted to withdraw all or any portion of its capital account balances from a Fund except as of the last day of each applicable withdrawal date. The General Partner may suspend withdrawal rights (including the payment of withdrawal proceeds), in whole or in part, when there exists in the opinion of the General Partner a state of affairs where the disposal of a Fund's assets, or the determination of the value of the investor's capital accounts, would not be reasonably practicable or would be seriously prejudicial to the non-withdrawing investors or if required under any applicable anti-money laundering laws or regulations. In addition, transfers of interests will be permitted only in limited circumstances at the discretion of the General Partner. Accordingly, interests should only be acquired by investors willing and able to commit their funds for an appreciable period of time.

An Investor May Be Required to Withdraw Its Capital. Under a Fund agreement, the General Partner may, in its discretion at any time, require any investor to withdraw all or a portion of such investor's capital from a Fund upon at least five (5) days' prior written notice. Such mandatory withdrawal may create adverse tax and/or economic consequences to the investor depending on the timing thereof in respect of a Fund and/or the investor.

Investors Do Not Participate in Management. Investors do not participate in the management of a Fund or in the conduct of its business. Moreover, investors have no right to influence the management of a Fund, whether by voting or otherwise. Any participation in the management of a Fund could subject an investor to unlimited liability as a general partner.

Liability of Investors for the Return of Capital Contributions. If a Fund should become insolvent, the investors may be required to return, with interest, any property distributed that represented a return of capital, repay any distributions wrongfully made to them and forfeit any undistributed profits.

Effect of Substantial Withdrawals. Substantial withdrawals by one or more investors or redemptions of one or more shareholders of the offshore fund within a short period of time could require the Master Fund to liquidate securities positions more rapidly than would otherwise be desirable, possibly reducing the value of the Master Fund's assets and/or disrupting the Master Fund's investment strategy. Reduction in the size of the Master Fund could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in the Master Fund's ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses.

Trade Errors. Although the Adviser exercises due care in making and implementing investment decisions, employees of the Adviser may from time to time make errors with respect to trades made on behalf of a Fund. The Adviser will not be liable to a Fund or the investors for any trading losses, liabilities, damages, expenses or costs resulting from trade errors by the Adviser except those losses, liabilities, damages, expenses or costs (i) resulting from the Adviser's fraud, willful misconduct or gross negligence and (ii) that may not be waived or limited under applicable law. Notwithstanding this limitation on liability, the Adviser may voluntarily reimburse a Fund for certain other losses suffered as a result of trade errors identified by the Adviser.

In-Kind Distributions. The Adviser anticipates distributing cash to an investor upon a withdrawal. However, there can be no assurance that a Fund will have sufficient cash to satisfy withdrawal requests or that it will be able to liquidate investments at the time of such withdrawal requests at favorable prices. Under the foregoing circumstances, and under other circumstances deemed appropriate by the General Partner, an investor may receive in-kind distributions from a Fund's portfolio. Distributions in-kind will generally be made pro rata to all withdrawing investors and may, in the discretion of the General Partner, be made through the use of a liquidating entity. The risk of loss and delay in liquidating these securities will be borne by the investor, with the result that such investor may receive less cash than it would have received as of the withdrawal date.

Master-Feeder Structure; Concentration of Investors. The Adviser intends to invest substantially all of a Fund's assets through the master fund. The master-feeder fund structure presents certain risks to investors. For example, a smaller feeder fund investing in the master fund may be materially affected by the actions of a larger feeder fund investing in the master fund. If a larger feeder fund makes a withdrawal from the master fund, the remaining feeder funds may experience higher pro rata operating expenses, thereby producing lower returns. The master fund may become less diverse due to a withdrawal by a larger feeder fund, resulting in increased portfolio risk. The master fund will be a single entity and creditors of the master fund may enforce claims against all assets of the master fund. Furthermore, a significant portion of a feeder fund may come from one or a few large investors and any significant withdrawals thereof could have a material adverse effect on the other investors. The Funds may, in their discretion, make certain arrangements with one or more such investors, to the extent permitted to do so under the applicable governing instruments and the applicable offering memorandum.

The Adviser does not intend to manage a Fund to maximize tax benefits to investors; however, to the extent a Fund's assets are invested in the master fund, certain conflicts of interest may exist relating to tax considerations applicable to one feeder fund that do not relate to others.

A Series of Interests is not a Separate Legal Entity. As among the investors, although a Fund maintains only one portfolio of assets, the appreciation and depreciation attributable to any series of interests will be allocated only to such series. Similarly, expenses attributable solely to a particular series of interests will be allocated solely to that series. However, a creditor of a Fund will generally not be bound to satisfy its claims from a particular series of interests. Rather, such creditor generally may seek to satisfy its claims from the assets of a Fund as a whole. Further, if the losses attributable to a series of interests exceed its value, then such losses could negatively impact the value of other series.

Conflicts of Interest. There are certain actual and potential conflicts of interest that should be considered by prospective investors before subscribing for interests. These include that the General Partner, the Adviser, their members, partners and employees may engage in other activities, including providing investment management and advisory services to other accounts, and shall not be required to refrain from any activity, to disgorge profits from any such activity

or to devote all or any particular amount of time or effort of any of their members, partners or employees to a Fund and its affairs. Any such accounts may include other funds that may have the same or similar investment objectives as a Fund. Although the Adviser will act in a manner that it considers fair, reasonable and equitable in allocating investment opportunities to a Fund, it otherwise is not restricted in the nature or timing of investments for the Fund and other accounts and may average the prices paid or received in connection with such investments.

Certain of the Adviser's managing members may also provide investment management services to other entities that are not affiliated with the Adviser. Mr. Metz is currently the Chief Investment Officer of Whiteside Energy LP ("Whiteside Energy"). Although the investment strategies of Whiteside Energy are not substantially similar to that of the Adviser, the Adviser and Whiteside Energy may invest in the same securities. Such investments will not be made *pari passu* and the Adviser will not have transparency with respect to Whiteside Energy's investments. In addition, Mr. Metz may be subject to actual and potential conflict of interests in rendering advice to the Adviser as a result of acting as the Chief Investment Officer of Whiteside Energy.

Supplementary Agreements with Investors. In connection with an investor's subscription for an interest, the General Partner and/or the Adviser may enter into a side letter or similar agreement (a "Supplementary Agreement") with such investor. A Supplementary Agreement may provide for, among other things, (i) the General Partner's and/or the Adviser's agreement to exercise its discretionary authority under a Fund agreement, in certain respects for the benefit of the investor; (ii) the General Partner's and/or the Adviser's agreement to extend certain information rights or additional reporting to such investor, in some cases to accommodate special regulatory or other circumstances of the new investor; or (iii) restrictions on, or special rights of the new investor with respect to, the activities of the General Partner and/or the Adviser. The entry by the General Partner and/or the Adviser into any Supplementary Agreement would not require the vote or consent of any investor unless such Supplementary Agreement constituted or required an amendment to a Fund agreement or memorandum and articles of association requiring such a vote or consent. In addition, the terms of any such Supplementary Agreement will not be disclosed to other investors unless the General Partner, in its sole discretion, agrees otherwise.

Investment Restrictions of Investors. Certain institutional investors may be subject to legal, regulatory or internal policy requirements that restrict their investment, directly or indirectly, in certain securities (such investors, "Restricted Investors"). To the extent a Fund admits a Restricted Investor, the Fund and master fund may be prohibited from investing in certain securities which may adversely affect the Fund's portfolio.

Valuation. Valuations of a Fund's securities and other investments, such as options, may involve uncertainties and judgmental determinations, and if such valuations should prove to be incorrect, the net asset value of the Fund could be adversely affected. Certain of a Fund's investments may not be listed on established exchanges, which may make a determination of the fair market value of such securities difficult to accurately determine. Furthermore, even for listed securities, the Adviser, in consultation with the General Partner, may determine that the listed prices of the securities as determined in accordance with the valuation procedures set forth in a Fund agreement do not reflect the actual value of the securities and the Adviser may make such appropriate and reasonable modifications thereto to reflect the value of the securities, including to reflect liquidity conditions or other factors affecting such value. Third party pricing information may at times not be available regarding certain securities. Valuation determinations made by the Adviser, in consultation with the General Partner, which will be

conclusive and binding, may affect the amount of the Management Fee and Performance Allocation.

Federal Income Tax Risks. Neither a Fund nor the master fund has requested a ruling from the Internal Revenue Service (the “IRS”) as to any tax matters, including whether the Fund or the master fund will be treated as a partnership (and not as an association taxable as a corporation) for federal income tax purposes. If a Fund were to be treated as a corporation rather than as a partnership for federal income tax purposes, the Fund itself would be taxed on its taxable income at corporate tax rates, there would be no flow-through of items of Fund income, gain, loss or deductions to the investors, and Fund distributions generally would be taxable as dividends. If the master fund were determined to be taxable as a corporation, it would be subject to regular U.S. federal corporate income tax, plus a 30% branch profits tax, on its income (if any) effectively connected with a U.S. trade or business, and any distributions to a Fund would be taxable as dividends to the extent of the earnings and profits of the master fund. In addition, the master fund could be classified as a “controlled foreign corporation” and would be classified as a “passive foreign investment company” (“PFIC”), which could result in adverse tax consequences to the investors, including in the case of a PFIC the imposition of an interest charge on certain amounts treated as having been deferred by the investors. Under present laws and regulations and judicial interpretations thereof, the General Partner believes a Fund and the master fund would be classified and treated as a partnership for federal income tax purposes, and not as an association taxable as a corporation.

Assuming that each of a Fund and the master fund are treated as partnerships, the Fund will take into account for federal income tax purposes its pro rata share of the master fund’s income and loss and each investor must include in its own income, its allocable share of Fund taxable income, whether or not any cash is distributed and, as a result of various limitations imposed by the tax laws regarding passive losses and otherwise, may be unable to currently deduct its allocable share of Fund expenses and capital losses, if any. Because the General Partner currently does not anticipate a Fund to make cash distributions to investors, an investor’s tax liability with respect to its share of the Fund’s taxable income may exceed the cash distributions, if any, to such investor in a particular year. Furthermore, special tax rules apply to certain categories of investors, including individual retirement accounts and other tax-exempt entities.

An audit of a Fund or the master fund’s federal informational tax return may cause a change in or precipitate an audit of the investors’ federal income tax returns. Further, any such audit might result in adjustments by the IRS to items of non-Fund income or loss. Any additional federal income tax due as a result of any such adjustment will bear interest (compounded daily) at rates established quarterly by the IRS (for individuals) equal to three percentage points above the federal short term rate determined in accordance with Section 1274(d) of the Internal Revenue Code of 1986, as amended (the “Code”), for the first month in the quarter (rounded to the nearest full percent).

Tax-Exempt Investors. Entities subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), as well as other investors that are exempt from taxation (or that are entities composed primarily of tax-exempt U.S. Persons), may be subject to U.S. federal, state and local laws, rules and regulations, which may regulate their participation in a Fund or their engaging directly or indirectly through an investment in a Fund in investment strategies of the types which the Fund may utilize from time to time (e.g., short sales of securities and the use of leverage and limited diversification). Each type of exempt organization may be subject to different laws, rules and regulations, and prospective investors should consult with their own advisers as to the advisability and tax consequences of an investment in a Fund. Accordingly, an investment in a Fund may not be appropriate for U.S. IRAs, pension plans and other tax-

exempt entities because it may produce debt-financed income that would be taxable to such entities.

Accounting for Uncertainty in Income Taxes. Pursuant to U.S. Financial Accounting Standards Codification Topic 740-10 (“ASC 740-10”), which provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in U.S. GAAP compliant financial statements, a Fund is required to determine whether it is more likely than not that a given tax position will be sustained upon examination based on its technical merits. As a result of such a determination, a Fund may be required to accrue a tax liability in its net asset value calculation and, conversely, may be required to reverse an accrual of a tax liability in its net asset value calculation in accordance with U.S. GAAP. Recognition and measurement of each tax position, including any tax position for which there is a lack of authority and audit experience, is determined by the General Partner in its discretion, based on the facts and circumstances known at the time. There can be no assurance that any such determination will not change over time. A prospective investor should be aware that, among other things, ASC 740-10 may require a reduction in the net asset value of a Fund including reducing the net asset value of a Fund to reflect an accrual for income taxes that may be payable in respect of prior periods by the Fund. This could cause benefits or detriments to certain investors, depending upon the timing of their entry and exit from a Fund. Accordingly, if such an accrual is subsequently reversed, the reversal may benefit only those investors in a Fund at the time of such reversal. Investors admitted to a Fund after any such reserve is established may benefit by sharing in the proceeds upon reversal of such reserve, and investors that have withdrawn from a Fund prior to a reversal of such reserve may not share in the proceeds related to such reversal. Changes to accounting standards, policies or practices could have similar effects to those outlined above.

Limitation of Liability and Indemnification of the Adviser. The investment management agreement provides that the Adviser and its affiliates shall be indemnified and held harmless from and against any loss or expense suffered or sustained in connection with the Adviser’s duties under the investment management agreement, so long as such loss or expense did not result from action or inaction adjudged to constitute fraud, willful misconduct or gross negligence. Therefore, an investor may have a more limited right of action against the Adviser than an investor would have had absent these provisions.

Systems and Operational Risks. The Adviser relies extensively on computer programs and systems to trade, clear and settle a Fund’s securities transactions, to evaluate securities based on real-time trading information, to monitor net capital, and to generate risk management and other reports that are critical to oversight of a Fund’s activities. In addition, certain of the Adviser’s operations interface with or depend on systems operated by third parties, including a Fund’s prime brokers, execution brokers, market data providers and market counterparties. The Adviser may not be in a position to adequately verify the risks or reliability of such third-party systems. A defect or failure in any of these systems could have a material adverse effect on a Fund. Furthermore, the Adviser will rely on the systems of a Fund’s administrator for certain functions and any failures in such systems could have a material adverse effect on a Fund.

A Fund depends on the Adviser to develop and implement appropriate systems for the Fund’s activities. The Adviser relies heavily and on a daily basis on financial, accounting and other data processing systems to execute, clear and settle transactions and to evaluate certain securities, to monitor a Fund’s portfolio and capital, and to generate risk management and other reports that are critical to oversight of the Fund’s activities. In addition, the Adviser relies on information systems to store sensitive information about a Fund and the investors. Failures in the systems employed by the Adviser, prime brokers, the administrator,

counterparties, exchanges and similar clearance and settlement facilities and other parties could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. Disruptions in the Adviser's operations or breach of the Adviser's information systems may cause a Fund to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory penalties or reputational damage. Any of the foregoing failures or disruptions could have a material adverse effect on a Fund and the investors' investments therein.

Exchange Rate Fluctuations–Currency Considerations. A Fund's assets may be invested in non-U.S. securities and any income or capital received by the Fund may be denominated in the local currency of investment. Accordingly, changes in currency exchange rates (to the extent unhedged) will affect the value of a Fund's portfolio and the unrealized appreciation or depreciation of investments. Furthermore, a Fund may incur costs in connection with conversions between various currencies. 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 a Fund at one rate, while offering a lesser rate of exchange should a Fund desire immediately to resell that currency to the dealer. A Fund 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 or options contracts to purchase or sell non-U.S. currencies. It is anticipated that most of a Fund's currency exchange transactions will occur at the time securities are purchased and will be executed through the local broker or custodian acting for the Fund.

Compliance. A Fund must comply with various legal requirements, including requirements imposed by the securities laws, tax laws and pension laws in various jurisdictions. Should any of those laws change over the scheduled term of a Fund, the legal requirements to which the Fund and the investors may be subject could differ materially from such requirements as at the date of this brochure.

Retention and Motivation of Key Staff. The performance of a Fund is largely dependent on the talents and efforts of highly skilled individuals retained by the Adviser. The success of a Fund depends on the Adviser's ability to identify and willingness to provide acceptable compensation to attract, retain and motivate talented investment professionals and other staff. A period of sustained loss could hamper the Adviser's ability to attract and retain talented investment professionals and other staff. There can be no assurance that the Adviser's investment professionals will continue to be associated with the Adviser throughout the life of a Fund, and the failure to attract or retain such investment professionals could have a material adverse effect on a Fund and its investors, including, for example, by limiting the Adviser's ability to pursue particular investment strategies discussed herein. There is no guarantee that the talents of the Adviser's investment professionals could be replaced.

Change in Investment Strategies. The investment strategies, approaches and techniques discussed herein may evolve over time due to, among other things, market developments and trends, the emergence of new or enhanced investment products, changing industry practice and/or technological innovation. As a result, these investment strategies, approaches and techniques may not reflect the investment strategies, approaches and techniques actually employed by the Adviser. Nevertheless, the investments made on behalf of a Fund will be consistent with the Fund's investment objective.

Reserves. Under certain circumstances, the Adviser may find it necessary to establish a reserve for contingent liabilities or withhold a portion of the investor's proceeds at the time of withdrawal. If the reserve is subsequently determined to have been excessive, such excess amount shall be returned to the net assets of a Fund, but the amount paid upon a prior

withdrawal will not be adjusted. Conversely, if the reserve is subsequently determined to have been insufficient, the net assets of a Fund will be used to pay such amounts and the Fund may be limited in its right to recover any excess withdrawal proceeds from an investor. As the establishment of a reserve impacts the determination of a Fund's net asset value, an incorrect reserve will impact the subscription prices for interests purchased by investors.

Electronic Delivery of Information. Fund information and information with respect to an investor's investment in a Fund may be delivered to such investor electronically. There are risks associated with such electronic delivery including, but not limited to, that e-mail messages are not secure and may contain computer viruses or other defects, may not be accurately replicated on other systems, or may be intercepted, deleted or interfered with without the knowledge of the sender or the intended recipient.

Cybersecurity Risk. With the increased use of technologies such as the Internet to conduct business, the Adviser is susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber attacks include, but are not limited to, gaining unauthorized access to digital systems (*e.g.*, through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (*i.e.*, efforts to make network services unavailable to intended users). Cyber incidents affecting the Adviser's and other service providers (including, but not limited to, Fund accountants, custodians, transfer agents and financial intermediaries) have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, interference with a Fund's ability to value its securities or other investments, impediments to trading, the inability of investors to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting issuers of securities in which a Fund invests, counterparties with which a Fund engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and service providers for investors) and other parties. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future. While the Adviser's service providers have established business continuity plans in the event of, and risk management systems to prevent, such cyber incidents, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Furthermore, the Adviser cannot control the cyber security plans and systems put in place by its service providers or any other third parties whose operations may affect a Fund or its investors. A Fund and its investors could be negatively impacted as a result.

C. Particular Type of Security Recommendation

The Adviser does not intend to recommend any particular type of security to its Clients.

**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 or have pending applications to register as such representatives.
- B. As disclosed in the firm's Form ADV, Part 1A, Carey Metz, the Adviser's Strategist, is a commodity trading adviser. Aside from Mr. Metz, 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. In the future the Adviser may elect to register as a commodity pool operator.
- C. The Funds are affiliates of the Adviser. Additionally, Atorus General Partner LLC, the general partner of Atorus Systematic Global Opportunities Fund LP, ("General Partner") is an affiliate of the Adviser. Since Atorus General Partner LLC is entitled to receive the Performance Allocation from the Atorus Systematic Global Opportunities Master Fund LP, this may create an incentive for the Adviser to make investments that are riskier or more speculative than would be the case if such arrangement was not in effect. Also, as mentioned above, Mr. Metz, the firm's Strategist, is a commodity trading adviser. He and Whiteside Energy Advisors LLC are among principals of Whiteside Energy LP – a registered commodity pool operator. However, as noted in Item 11, the Adviser has adopted a written Code of Ethics that contains policies and procedures to address conflicts of interest. Under such policies and procedures, the Adviser is required to make investment decisions for its Clients in a manner that is consistent with its fiduciary duties to its Clients.

The Adviser has no other relationships or arrangements with any related person listed in the instructions to Item 10.C. that are material to its advisory business or to its Clients.

- 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 initial public offering 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 Code of Ethics is available for review at the Adviser’s office in Boston, Massachusetts.

- B. The Adviser’s Principals may be partners in a 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 Adviser’s Principals may invest a significant portion of their liquid net worth in a Fund and other accounts advised by the Adviser, but are not obligated to do so. Such amounts may be invested pro rata with the partners of a Fund in all Fund portfolio investments. In the view of the Principals, this aligns the interests of the Principals with a 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 buy or sell the same investments for their own account.

Item 12 - Brokerage Practices

- A. The Adviser is responsible for selecting broker-dealers to execute trades and negotiating any commissions paid on such transactions. The Adviser's primary consideration in placing transactions with particular broker-dealers is to obtain execution in the most effective manner possible. The Adviser also takes into account a variety of other factors, including the financial strength, integrity and stability of the broker-dealer and the commissions to be paid. The Adviser may also consider the quality, comprehensiveness, and frequency of other products and services considered to be of value. Such products and services may include, among other things, special execution capabilities, order of call and the availability of stocks to borrow for short trades. The Adviser is authorized to pay higher prices for the purchase of securities from, or accept lower prices for the sale of securities to, brokerage firms that provide it with such trading related products and services or to pay higher commissions to such firms if the Adviser determines such prices or commissions are reasonable in relation to the overall services provided.

The Adviser may, in its discretion, determine to use one or more third party service providers to perform certain trading functions for a Fund, and in connection therewith the Fund may pay higher brokerage commissions than might be paid if the Adviser performed this function, particularly in the case of trades that the Adviser directs to be executed with a broker other than the third party service provider. Such service provider may be subject to certain restrictions and conflicts that may limit its ability to perform such trading services.

- 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 Principals of the Adviser are 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 will provide Fund investors with written audited annual financial statements, periodic reports and other communications, and all tax information relating to their investments in a 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 a Fund.
- B. The Adviser may enter into agreements with persons who refer potential investors for a 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 a 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. A Fund and its underlying investors are not responsible for any of the fees paid to the referring persons.

Item 15 -
Custody

The Adviser will be deemed, under Rule 206(4)-2 of the Advisers Act, to have custody of the assets of a Fund by virtue of the common control of the Adviser and the General Partner of the Fund. All assets and securities of a Fund will be held by qualified custodians. As noted in Item 13 above, Fund investors will 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 a Fund based on the Fund's investment objectives, policies, and strategies disclosed in its Offering Documents.

The Adviser contractually assumes discretionary authority over the assets of a 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 Clients cannot direct the Adviser's vote of Clients' securities in any particular solicitation. 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. Upon request, the Clients can obtain a copy of the policy from the Adviser.

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 in fees per Client, 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 a Fund.
- C. The Adviser has not been the subject of a bankruptcy petition at any time during the past ten years.