

**Item 1 – Cover Page**

**FORM ADV, PART 2A**

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This Brochure provides information about the qualifications and business practices of Alternative Investment Group Services, L.P. (the "Adviser"). If you have any questions about the contents of this Brochure, please contact us at 203-256-9326. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Alternative Investment Group Services, L.P. is registered as an investment adviser with the SEC. Registration as an investment adviser does not imply endorsement by the SEC or imply any level of skill or training.

Additional information about Alternative Investment Group Services, L.P. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

This brochure, dated December 1, 2015, contains the following change from its previous version, published March 27, 2015:

- Item 4 – Advisory Business and Item 8 – Risk of Loss.

Language was amended to indicate the Adviser added two Funds since the previous brochure: Alternative Investments Sustainability, L.P. and its feeder, Alternative Investment Sustainability Ltd., both having a July 1, 2015 investment inception.

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## Item 4 – Advisory Business

ALTERNATIVE INVESTMENT GROUP SERVICES, L.P. (the "Adviser") is a Delaware limited partnership organized in August 1996 and maintains its primary office in Southport, CT. The Adviser has research arms in New York City and London.

The general partner of the Adviser is Storrs-Greenfield Partners, L.L.C., a Delaware limited liability company whose managing members are David Storrs and Greenfield Avocet LLC. The managers of Greenfield Avocet LLC are David Storrs, Stewart Greenfield, and Matthew Greenfield. (Prior to December 2012, the managing members of Storrs-Greenfield Partners, L.L.C. were David Storrs and the Greenfield Family Limited Partnership.)

The Adviser's Founding Partners Stewart Greenfield, Chairman, and David Storrs, President and Chief Executive Officer, oversee the Firm's funds and business. The Adviser has a Management Committee, which oversees the day-to-day management of the firm, and comprises Founding Partner David Storrs, Managing Partners Maria Tapia and Marita Wein, and Chief Operating Officer Michael Tansley.

The Adviser provides investment management services to several funds of hedge funds, currently: Alternative Investments Institutional, L.P. ("AIILP") and Alternative Investments Institutional, Ltd. ("AIILtd") which each invests its assets through Alternative Investments Institutional Master Fund, Ltd. ("AIIMF"); Alternative Investments, L.P. ("AILP"); Alternative Investments International, L.P. ("AIN"); Alternative Investments Opportunity, L.P. ("AIOLP") which has among its investors Alternative Investments Opportunity Ltd. ("AIOLtd"); and Alternative Investments Sustainability, L.P. ("AISLP") which has among its investors Alternative Investments Sustainability Ltd ("AISLtd"). AIILP, AIILtd, AIIMF, AILP, AIN, AIOLP, AIOLtd, AISLP, and AISLtd are collectively the "Funds". AIILP and AIILtd invest all their investable assets in AIIMF; therefore, descriptions of their investments refer to investments made through AIIMF. AIOLtd invests all its investable assets in AIOLP; therefore descriptions of its investments refer to investments made through AIOLP. AISLtd invests all its investable assets in AISLP; therefore descriptions of its investments refer to investments made through AISLP. Persons reviewing this Brochure should not construe this as an offering of any of the Funds described herein.

The Adviser established Alternative Investment Services (UK) LLP, an affiliated entity based in London, to assist in providing investment research and advice regarding non-US based managers and potential managers.

The Adviser also serves as the investment adviser to MMIP Investment Management Limited ("MIML"), to assist MIML in managing the Diversified Absolute Return Fund ("DARF") cell of Multi-Manager Investment Programmes PCC Limited ("MMIP"), an open-ended investment company registered under the laws of Guernsey.

The Funds each allocate assets to a variety of portfolio managers ("Managers"), generally through the purchase of an interest in a private investment fund managed by a Manager that, in turn, invests such assets using investment approaches that are diversified among multiple strategies, asset classes, regions, industry sectors, and securities. The Adviser believes each Manager pursues specialized investment strategies outside of traditional stock and bond investments. The Managers' portfolios generally focus on fundamental valuations and include both "long" positions in securities considered to be undervalued and "short" positions in securities considered to be overvalued. Areas of investment may include fundamental value, growth, credit, and event-driven investing in U.S. and international markets (long and short). Portfolio securities invested in by Managers are generally marketable, although the limited partnerships in which the Funds invest are generally not marketable. The Funds invest primarily through limited partnerships, other pooled investment vehicles, and separately-managed accounts. The Funds invest excess cash in short-term investments, primarily money market funds.

Each Fund's investment objective is to earn attractive rates of return with reduced volatility by allocating its assets among a variety of highly talented and motivated portfolio managers selected for their alternative investment strategies. The portfolios selected will generally include investments in long and short positions, high yield and distressed debt, convertibles, arbitrage, emerging markets, real estate investment trusts, and private placements. The Funds also seek to reduce investment risk by minimizing dependence on the performance of the broad U.S. equity market. The Funds are not limited with respect to the types of investment strategies they may employ or the markets or instruments in which they may invest. Over time, markets change and the Adviser will seek to capitalize on attractive opportunities wherever they might be. Depending on conditions and trends in securities markets and the economy generally, the Adviser may pursue other objectives or employ other techniques it considers appropriate and in the best interest of the Funds. The Adviser's investment decisions and advice with respect to each Fund are subject to each Fund's investment objectives and guidelines, as set forth in its offering documents. **There can be no assurance the Funds' investment objectives will be achieved.**

See Item 8 for a further description of the Funds' investment strategies and types of investments.

The Adviser does not participate in "wrap" fee programs.

As of August 31, 2015, the Adviser managed approximately \$1.44 billion, of which approximately \$313 million is non-discretionary. Assets under management is based on the estimated, unaudited net asset value of the Funds and DARF.

## Item 5 – Fees and Compensation

The fees applicable to each Fund are set forth in detail in each Fund's offering documents. A brief summary of such fees is provided below.

### Management Fees

The Adviser receives from AILP and AIN a quarterly management fee of 0.25% (1% per annum) of the value of each limited partner's opening capital account for the quarter, payable at the beginning of each fiscal quarter. The Adviser receives from AIILP a quarterly management fee of 0.20% (0.80% per annum) of the value of each limited partner's opening capital account for the quarter, payable at the beginning of each fiscal quarter. The Adviser receives from AII Ltd a quarterly management fee, payable as of the first day of each fiscal quarter, equal to 0.20% (0.80% per annum) of the net asset value of each series of shares. The Adviser receives from AIOLP a quarterly management fee of 0.1875% (0.75% per annum) of the value of each Group A limited partner's opening capital account for the quarter and 0.25% (1.00% per annum) of the value of each Group B limited partner's opening capital account, each payable at the beginning of each fiscal quarter. The Adviser receives from AIOLtd a quarterly management fee, payable as of the first day of each fiscal quarter, equal to 0.1875% (0.75% per annum) of the net asset value of each series of Group A shares and 0.25% (1.00% per annum) of the net asset value of each series of Group B shares. The Adviser receives from AISLP a quarterly management fee of 0.25% (1.00% per annum) of the value of each Group A limited partner's opening capital account for the quarter, 0.1875% (0.75% per annum) of the value of each Group B limited partner's opening capital account, and 0.15% (0.60% per annum) of the value of each Group C limited partner's opening capital account, each payable at the beginning of each fiscal quarter. The Adviser receives from AISLtd a quarterly management fee, payable as of the first day of each fiscal quarter, equal to 0.25% (1.00% per annum) of the net asset value of each series of Group A shares, 0.1875% (0.75% per annum) of the net asset value of each series of Group B shares, and 0.15% (0.60% per annum) of the net asset value of each series of Group C shares.

The Adviser receives from DARF a monthly management fee of 0.0573% (0.6875% per annum) of the net asset value of DARF, payable at the end of each calendar month.

AIOLP, AIOLtd, AISLP, and AISLtd are subject to an expense caps, described more fully under "Expenses" below.

The management fees are paid by each investor, except those investors affiliated with the Adviser, as allowed by the legal documents of each Fund.

### Performance Compensation

Alternative Investment Group, L.L.C., ("AIG"), an affiliate of the Adviser that serves as the General Partner of AILP, AIILP, AIN, and AIOLP, receives an incentive allocation from

partners in AILP, AIILP, AIN, and AIOLP equal to between 0% and 15% of any realized and unrealized appreciation in the net asset value of each capital account, in each case, subject to a high water mark.

The Adviser receives an incentive fee from AIILtd equal to between 0% and 15% of any increase in the net asset value of a series of shares, subject to a high water mark.

The Adviser receives a 30% share of the incentive fee earned by DARF. The incentive fee earned by DARF is 10% of the increase in the net asset value of DARF assets, subject to a high water mark and return above a hurdle rate.

For the above performance compensation, the rate of the incentive allocation/fee increases as certain performance benchmarks are achieved. The Funds also offer a flat 5% incentive schedule, for which there is no hurdle rate of return, but is also subject to a high water mark.

Fees and compensation paid to the Adviser or its affiliates by the Funds are generally deducted from the investment account of such Funds. Performance compensation is generally deducted on an annual basis.

Performance compensation is paid by each investor, except those investors affiliated with the Adviser, as allowed by the legal documents of each Fund.

#### Fees to Portfolio Managers of Underlying Funds

The Funds are generally subject to fees charged by the underlying portfolio funds and managers. These fees typically include a management fee, which generally ranges from 1% to 2% on an annual basis, and performance-based compensation, which generally ranges from 15% - 20% of the capital appreciation in the underlying portfolio fund.

#### Expenses

The Funds bear expenses including, but not limited to, investment expenses (e.g., fees or allocations of profits to Managers, brokerage commissions, interest expense, manager-related research and travel expenses), legal expenses, accounting, fees of the Administrator, audit and tax preparation expenses, expenses relating to the offer and sale of interests in a Fund and extraordinary expenses related to the Funds.

The AIOLP and AIOLtd Funds (the "AIO Funds") will bear expenses in an amount not to exceed 0.25% of AIOLP's fiscal year-end excess of its net asset value (the "0.25% Cap"). The AISLP and AISLtd Funds (the "AIS Funds") will bear expenses in an amount not to exceed 0.35% of AISLP's fiscal year-end excess of its net asset value (the "0.35% Cap"). Any expenses in excess of the 0.25% Cap in the AIO Funds or the 0.35% Cap in the AIS Funds will be borne by the Adviser or its affiliate; provided that the expenses above the 0.25% Cap in the AIO Funds or the 0.35% Cap in the AIS Funds that are borne by the

Adviser or its affiliate will be carried forward and subject to reimbursement by AIOLP or AISLP, respectively, in the next or subsequent years to the extent that such reimbursement can be paid without breaching the 0.25% Cap in the AIO Funds or the 0.35% Cap in the AIS Funds in any year. Any expenses paid by the Adviser or its affiliate that have been outstanding for a period of two years will be deemed forgiven by the Adviser or its affiliate.

Neither the Adviser nor any of its partners, employees, or affiliates receives compensation for the sale of securities or other investment products.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

The Adviser and its affiliates earn performance-based fees/allocations from every Fund borne by its underlying investors, except those investors affiliated with the Adviser, as allowed by the legal documents of each Fund. As a result, the Adviser and its affiliates do not face certain conflicts of interest that may arise when an investment adviser accepts performance-based fees/allocations from some Funds, but not from other Funds.

## **Item 7 – Types of Clients**

The clients of the Adviser are the Funds and MIML. The investors in the Funds are typically high net worth individuals, retirement plans, charitable institutions, foundations, and endowments.

To invest in any of the Funds, an investor is required to complete and execute a Subscription Agreement that, among other things, requires the investor to represent that it meets the legal and suitability requirements of the relevant Fund.

The minimum capital contribution for the Funds is \$1,000,000, subject to waiver by the Adviser or AIG.

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

Investing in securities involves risk of loss that investors should be prepared to bear.

The descriptions set forth in this Brochure of specific advisory services the Adviser offers, as well as investment strategies pursued and investments made by the Adviser on behalf of its clients, should be understood not to limit, in any way, the Adviser's investment activities. The Adviser may offer advisory services, engage in investment strategy, and make investments the Adviser considers appropriate, including any not described in this Brochure, subject to each Fund's investment objectives and guidelines. The investment strategies the



Adviser pursues are speculative and entail substantial risks. There can be no assurance the investment objectives of any Fund will be achieved.

The Adviser selects Managers, each of which the Adviser believes pursues a specialized investment strategy outside traditional stock and bond investments. A Manager's portfolio generally emphasizes fundamental securities valuations and includes both long positions in securities it considers undervalued and short positions in securities it considers overvalued. The portfolios selected generally include investments in long and short positions, event-driven equity and credit, corporate and municipal credit, securitized assets, high yield and distressed debt, convertibles, arbitrage, emerging markets, real estate investment trusts, and private placements. In selecting Managers and allocating assets among them, the Adviser considers experience in the Manager's area of specialization, favorable performance records, the amount of assets under management, and other factors. The Managers will generally be expected to have substantial ownership in their firms and to place a significant portion of their personal assets in the funds they manage. The Adviser believes that, with a smaller asset base under management, a Manager may generally have greater investment flexibility to take advantage of investment opportunities than might a larger Manager. The Funds may invest with Managers' newly-formed investment management firms that do not have performance track records, although the Managers themselves will typically have substantial prior investment experience.

The Funds invest primarily through pooled investment vehicles and, from time to time, separately-managed accounts. The Funds may invest their excess cash in short-term investments, including money market funds, U.S. government securities, commercial paper, certificates of deposit, and bankers' acceptances.

A Fund may select Managers currently utilized by other Funds the Adviser manages or by principals of the Adviser in their personal investment programs.

Portfolio securities invested in by Managers are generally marketable, although the investment vehicles in which the Funds invest are not themselves marketable.

Although the Funds do not have rigid statistical guidelines for diversification, the Adviser believes broad diversification among types of investments, investment strategies, and Managers is integral to the Funds' objective to reduce risk and, accordingly, intends to maintain a well-diversified approach. The Adviser does not follow a rigid investment policy that would limit the Funds from participating in any market, strategy, or investment. Managers are permitted to utilize leverage (although leverage is avoided at the aggregate Fund level) and invest in long and short positions in equities, options, warrants, fixed income securities, financial and commodity futures and commodities, currency forwards, other over-the-counter derivative instruments (including, but not limited to, swaps and forward agreements), securities that lack active public markets, repurchase and reverse repurchase agreements, preferred stocks and convertible bonds, and other financial instruments. When they determine that such an investment policy is warranted, Managers

may invest, without limitation, in cash and cash equivalents. The Adviser does not allocate the Funds' assets to Managers primarily engaged in investments in securities for which there is no readily assessable market value, including securities relating to financing venture capital, leveraged buyouts, and other generally private capital investment areas.

The Funds have the ability to borrow and may do so (although the Funds have no current plans to do so) when deemed appropriate by the Adviser, including to meet withdrawals that would otherwise result in the premature liquidation of investments.

The Funds expect to diversify their holdings among several broad categories of investment strategies as set forth below, each in accordance with its offering documents. The Funds have the flexibility to add, delete, or modify strategies in its discretion.

#### Fundamental Equity Value and Growth Investing

Managers in this area make long and short investments in equity securities that are deemed under or overvalued, respectively, based on their fundamental value and growth characteristics. These Managers are generally further divided between those who specialize in securities primarily traded in the United States and those who specialize in securities of non-U.S. companies ("international"), companies located anywhere in the world including the United States ("global"), or companies located in emerging markets ("emerging markets"). Some of the Managers may specialize in specific industries, such as banks and thrifts, or in specific sectors, such as technology, energy, or renewable energy, and may take highly concentrated investment positions.

The Managers may make investments through closed-end funds, which often sell at a discount to the net asset value of the fund's securities, as well as in individual holdings or open-end funds. Some Managers may also purchase debt securities of non-U.S. governments or corporations in emerging markets. Because these Managers take short positions, the Managers reduce the overall exposure to the stock market and market risk. Little or no assets of the Funds are allocated to Managers that primarily utilize market timing between stocks, bonds, cash or currencies, or make heavy use of "technical" investment approaches based primarily on trading patterns, or make heavy use of rigid formula-based approaches.

#### Distressed Debt, Event-Driven, and Arbitrage

Distressed debt Managers focus primarily on companies that are reorganizing under Federal bankruptcy law, restructuring debt obligations, liquidating assets to pay off creditors, or emerging from a recent financial restructuring. These Managers also invest in companies that are not experiencing financial distress, but whose debt securities nevertheless appear to be trading below their inherent value.

Some Managers also engage in "event-driven" trading strategies, in which they purchase or sell corporate securities subject to extraordinary corporate events such as takeovers, mergers, reorganizations, exchange offers, spinoffs, etc., with the intention of capturing a

spread between the current value of the securities and their value upon consummation of the event within a specified period of time.

The Adviser considers these areas attractive, in particular because few investors are equipped to perform the highly complicated financial and legal analysis required to understand the transactions, thereby providing specialist Managers in this area an opportunity to add value.

#### Emerging Markets Investing

The Managers investing in emerging markets may employ fundamental growth or value, arbitrage, distressed, and/or event-driven strategies described above, but will emphasize investments in "developing" countries. The emerging markets managers may focus on specific regions, such as the Far East or Latin America, and may not diversify investments across a broad geographic area. These Managers generally will put heavy weight on market conditions as well as economic and political developments in their respective areas. These and other factors give rise to fragmented market valuations and market inefficiencies that some emerging markets Managers seek to exploit.

#### Real Estate Investment Trusts

The Funds may invest a portion of its assets in publicly traded Real Estate Investment Trusts ("REITs") or other marketable securities relating to, or secured by, interests in real estate.

#### Long/short Corporate Credit, including Distressed Strategies

Managers employing this strategy typically purchase corporate bonds for which they believe the market price deviates from intrinsic value, leading to an attractive return potential. Managers may also purchase distressed corporate securities expected to undergo a restructuring or liquidation. Managers are also expected to short securities they believe are overvalued, through cash bond shorts or credit default swap protection. The Adviser considers this area particularly attractive as there are fewer specialist managers in this area equipped to perform the highly detailed analysis required to value these securities appropriately and obtain sufficient information to form an informed judgment on valuations.

#### Securitized Assets

Some of the Funds may incorporate multiple classes of securitized assets. The complexity and variety of the underlying securities present an opportunity for skilled managers to identify undervalued market sectors and mispriced securities. Successful practitioners in this area generally have significant prior experience in evaluating these securities and have built a robust infrastructure to perform the necessary due diligence. Investment in securitized assets involves a greater degree of risk than an investment in publicly-listed equity securities.

### Municipal Credit

Managers in this strategy employ fundamental security valuation on municipal credit, assets typically purchased based largely on ratings. Managers are likely to focus on "stressed" municipal securities that trade at a discounted price due to a credit event, yet which the Managers believe offer significantly more intrinsic value than the market price.

**The Funds' investment program may be considered speculative and entails substantial risks. There can be no assurance the investment objectives of the Adviser and Funds will be achieved and results may vary substantially over time. Managers may consider it appropriate, subject to applicable regulations, to utilize forward and futures contracts, options, swaps, repurchase and reverse repurchase agreements, short sales, and/or leverage in their investment programs. Such investment techniques can, in certain circumstances, maximize the adverse impact to which the Funds' investment portfolio may be subject.**

See Item 13 for a description of the decision-making process and a summary of the analytics used.

### CERTAIN RISK FACTORS

The following factors could be considered risks relating to the Funds' investment activities. However, the below does not purport to be a complete list or explanation of the risks involved in the Adviser's activities.

- Independent Managers. The Managers trade wholly independently of one another and may at times hold economically offsetting positions. In addition, a particular Manager may receive incentive compensation for its portfolio performance for a period even though the Funds' overall portfolio depreciated during such period.
- Micro, Small and Medium Capitalization Companies. A portion of the underlying Managers' assets may be invested in the stocks of companies with micro- or small- to medium-sized market capitalizations. While such investments may provide significant potential for appreciation, such stocks, particularly smaller-capitalization stocks, may involve higher risks than do investments in stocks of larger companies.
- Possible Illiquidity of Underlying Investments. Certain investment positions held by the Managers may be illiquid. The Managers may invest in restricted or non-publicly traded securities and securities on non-U.S. exchanges. Such investment positions could prevent the Managers from liquidating unfavorable positions promptly and subject the Funds to substantial losses. This could also impair the Funds' ability to make distributions to a withdrawing investor in a timely manner.
- Highly Volatile Markets. The prices of securities and derivative instruments in which the underlying Managers may be invested may be volatile and are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal,

monetary and exchange control programs and policies of governments, and national and international political and economic events and policies.

- Possible Use of Leverage, Options, and/or Swap Agreements. The Managers may, pursuant to their strategy, buy and sell securities on margin, increasing the volatility of the Manager's securities positions. Trading securities on margin, unlike trading in futures (which also involves margin), will result in interest charges to the Funds and, depending on the amount of trading activity, such charges could be substantial. The Managers may purchase and sell options on equities on national and international securities exchanges and in the U.S. and international over-the-counter markets. Both put and call options involve risk of investment loss. The Managers may enter into swap agreements. Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease a Manager's exposure to long-term or short-term interest rates (in the United States or abroad), non-U.S. currency values, corporate borrowing rates, or other factors such as security prices, baskets of equity securities, or inflation rates.
- Short Selling. The underlying Managers will engage in short selling. Short selling allows the investor to profit from declines in securities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying those securities to cover the short position. There can be no assurance the security necessary to cover a short position will be available for purchase.
- Hedging. Since the characteristics of many securities change as markets change or time passes, the success of a Manager's hedging strategies will also be subject to its ability continually to recalculate, readjust, and execute hedges in an efficient and timely manner. An incorrect determination by a Manager may result in a poorer overall performance had such Manager not engaged in any such hedging transaction.
- Forward Trading and Counter-party Risk. Forward contracts and their options are not traded on exchanges, are not standardized, and are substantially unregulated. There is no limitation on daily price movements and speculative position limits are not applicable. In addition, managed accounts or investment funds in which the Funds are invested may be exposed to credit risks with regard to counterparties with whom the Managers trade as well as risks relating to settlement default. Such risks could result in substantial losses to the Funds.
- Cybersecurity Risks. As part of their business, the Investment Manager and its service providers, especially the Administrator, process, store, and transmit large amounts of electronic information, including information relating to the transactions of the Funds and personally identifiable information of the Investors. The Investment Manager has procedures and systems in place whose purpose is to protect such information and

prevent data loss and security breaches. However, such measures cannot provide absolute security. Breach of the information systems may cause information relating to the transactions of the Funds and personally identifiable information of the Investors to be lost or improperly accessed, used, or disclosed.

- Currency Fluctuations and Non-U.S. Investments. The Managers may invest in securities of non-U.S. corporations and non-U.S. countries. These investments involve certain considerations not usually associated with investing in securities of U.S. companies or Government, including political and economic considerations, such as greater risks of expropriation, nationalization, and general social, political and economic instability; sometimes low volume of trading in such countries, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict the Manager's investment opportunities. In addition, accounting and financial reporting standards may not be as high as United States standards and, consequently, less information may be available.
- Distressed Credits and Event-Driven Arbitrage. The Managers may invest in securities of U.S. and non-U.S. issuers in weak financial condition. Investments of this type may involve substantial financial and business risks. Among the risks may be difficulty in obtaining information as to the true condition of such issuers; adverse affects of state and Federal laws; and the Bankruptcy Court's power to disallow, reduce, subordinate, or disenfranchise particular claims. The market prices of such securities are also subject to abrupt and erratic market movements and above-average price volatility. In liquidation and other forms of corporate reorganization, there exists the risk the reorganization will be unsuccessful, delayed, or result in a distribution of cash or a new security at a price below the purchase price.
- Debt Securities. The Managers may invest in bonds or other fixed income securities, including, without limitation, "higher yielding" (typically, higher risk) debt securities that are below "investment grade" and face ongoing uncertainties and exposure to adverse business, financial, or economic conditions that could lead to the issuer's inability to meet timely interest and principal payments. The market value of certain of these lower-rated debt securities tend to reflect individual corporate developments to a greater extent than do higher rated securities, which react primarily to fluctuations in the general level of interest rates. It is likely that a major economic recession could materially adversely affect the value of such securities. In addition, adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the value and liquidity of securities rated below investment grade.
- Collateralized Debt and/or Obligations. Managers may invest in collateralized debt obligations ("CDOs") and/or Collateralized Loan Obligations ("CLOs"). Their portfolios may consist of CLO equity, multi-sector CDO equity, trust preferred CDO equity, and/or CLO mezzanine debt. CDO securities are subject to credit, liquidity and interest rate risks.

The CDO equity purchased by the Managers will most likely be unrated or non-investment grade, which means that a greater possibility that adverse changes in the financial condition of an issuer or in general economic conditions or both may impair the ability of the related issuer or obligor to make payments of principal or interest. Such investments may be speculative. In addition, as a holder of CDO equity, the Managers will have limited remedies available upon the default of the CDO.

- General Risks of CDO/CLO Investments. The value of the CDOs/CLOs owned by the Managers generally will fluctuate with, among other things, the financial condition of the obligors or issuers of the underlying portfolio of assets of the related CDO ("CDO Collateral"), general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry, and changes in prevailing interest rates. Consequently, holders of CDOs must rely solely on distributions on the CDO Collateral or its proceeds for payment. If distributions on the CDO Collateral are insufficient to make payments on the CDOs, no other assets will be available for payment of the deficiency and, following realization of the CDOs, the obligations of such issuer to pay such deficiency generally will be extinguished.
- Credit Default Swaps and Other Credit Derivatives. The buyer of a credit default contract is obligated to pay the seller either a lump sum payment or a periodic stream of payments over the term of the contract in return for a contingent payment upon the occurrence of a credit event with respect to an underlying reference obligation or entity. Generally, a credit event means bankruptcy, failure to pay, cross default/acceleration, obligation acceleration, repudiation/moratorium, restructuring, or rating decline. The Managers may be either the buyers or sellers in a transaction. If the Manager is a buyer and no credit event occurs, the Manager will have made fixed payments and received nothing. However, if a credit event occurs, the Manager, as a buyer, typically will receive full notional value for a reference obligation that may have little or no value. As a seller, the Manager receives a fixed rate of income throughout the term of the contract, which typically is between one month and five years, provided that no credit event occurs. If a credit event occurs, the seller may pay the buyer the full notional value of the reference obligation, which may have little or no value. In addition to general market risks, credit default swaps are subject to liquidity risk and credit risk.
- Real-Estate Related Securities. Managers may invest in residential mortgage-backed securities ("RMBS"), commercial mortgage-backed securities ("CMBS"), or other real estate securitized assets or whole loans, backed by commercial, prime, near-prime or Alt-A, or subprime mortgages. Managers may also invest in Option-ARM-backed RMBS, where the borrowers have the option to make very low payments on their mortgage loans and add some of the interest accruing on the loans to the principal balances of the loans. Many of these loans require low down payments. RMBS can experience high rates of defaults and low rates of recovery.

- Asset-Backed Securities (ABS) Are Subject to Particular Risks. Through the use of trusts and special purpose corporations, various types of assets, primarily automobile loan and credit card receivables, are securitized in pass-through and pay-through structures. The Managers may invest either directly or indirectly, through CDOs, in these and other types of ABS that may be developed in the future. ABS present certain risks not presented by MBS. Primarily, these financial instruments do not generally have the benefit of the same security interest in the related collateral.
- Derivative Transactions. The Managers may use derivative financial instruments, including, without limitation, warrants, options, swaps, convertible securities, notional principal contracts, contracts for differences, forward contracts, futures contracts and options thereon, and may use derivative techniques for hedging and for other trading purposes. The use of derivative instruments involves a variety of material risks, including leverage often embedded in such instruments and the possibility of counterparty non-performance as well as of material and prolonged deviations between the actual and the theoretical value of a derivative. In addition, the markets for certain derivatives are frequently characterized by limited liquidity, which can make it difficult as well as costly to clients to close out positions either to realize gains or to limit losses. Certain of the derivatives traded are principal-to-principal or "over-the-counter" contracts between clients and third parties entered into privately, rather than on an established exchange. As a result, clients are not afforded the regulatory protections of an exchange or its clearinghouse (or of a government regulator that oversees the exchange or clearinghouse) if a counterparty fails to perform. In privately negotiated transactions, the risk of the negotiated price deviating materially from fair value is substantial, particularly when there is no active market available from which to derive benchmark prices. The Managers' use of derivatives and other techniques (such as short sales) for hedging purposes will involve additional risks.
- The Renewable Energy Sector. Investments in renewable energy and companies with environmentally-friendly products are subject to political priorities and changing government regulation, which may not be enforced. New renewable energy technologies may be feasible, but not cost effective, as research and development costs for such technologies are high. Potential advantages of renewable energy may be slow in development and recognition. Additionally, interest in achieving a clean environment may diminish, particularly if the cost of non-renewable energy declines.
- Energy-Related Securities. The Funds are broadly subject to the risk that the earnings, dividends, and securities prices of energy companies may fluctuate substantially due to many factors, including international political developments; production and distribution policies of the Organization of Petroleum Exporting Countries ("OPEC") and other oil-producing countries; relationships among OPEC members and other oil-producing countries and between these countries and oil-importing nations; energy conservation; the regulatory environment; tax policies; and the economic growth and political stability of the key energy-consuming countries.



- The Utility Sector. Broadly, the utility sector includes, but is not limited to, companies involved in the generation, transmission, and distribution of electric power; the abstraction, treatment, and distribution of water; the treatment of waste water and waste; the transmission and distribution of natural gas and the transmission of energy. The investment universe also includes utility-related companies that include, but are not limited to, those companies that supply equipment, technology, or services to utility companies and engage in commodity-related businesses supplying utility companies.

These companies are, in general, exposed to a higher level of political and regulatory risk than companies in the stock market as a whole. In certain countries, the utilities regulatory framework is still developing. The existing dominant market position of some utility companies may be eroded as their sectors are exposed to greater competition as a result of regulatory steps or market or technological developments.

- Environmental. Changes to national or state Government environmental policies may expose energy-related securities and utilities to the risk of additional or unplanned capital expenditure. Non-compliance with environmental laws and regulations may lead to costs and penalties with respect to environmental rehabilitation, damage control, and other losses, despite programs to minimize the probability of such accidents or violations occurring.
- Estimates. In most cases, the net asset values received by the Adviser from its Managers typically will be estimates only, subject to revision through the end of each underlying portfolio fund's annual audit. Revisions to the Funds' gain and loss calculations will be an ongoing process and no net capital appreciation or net capital depreciation figure can be considered final until the Funds' annual audit is completed.
- Delayed Schedules K-1. Although the Adviser tries to provide investors in its domestic Funds with taxability estimates on or before April 15 of a fiscal year, Schedules K-1 may not be available by that date if the Managers fail to deliver the requisite information sufficiently prior to April 15. It is likely investors in the Funds will be required to obtain extensions of the filing date of their income tax returns at the Federal, state, and local levels.
- Regulatory Changes for Hedge Funds. The financial services industry generally, and the activities of hedge funds and their managers in particular, have been subject to intense and increasing regulatory scrutiny. Such scrutiny may increase the Partnership's exposure to potential liabilities and to legal, compliance, and other related costs, as well as impose additional administrative burdens. Such burdens may divert the Adviser's time, attention, and resources from portfolio management activities.

This Brochure does not address or anticipate every possible current or future regulation that may affect the Adviser, the Funds, or their businesses. Such regulations may have a significant impact on the investors or the operations of the Funds, including, without

limitation, requiring the Funds to disclose the identity of its investors or otherwise. The Adviser may cause the Funds to be subject to such regulations if it believes an investment or business activity is in the Funds' interest, even if such regulations may have a detrimental effect on one or more investor(s). The effect of any future regulatory change on the Funds could be substantial and adverse.

**The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in any of the Funds. Please refer to each Fund's offering documents for a more complete description of the risk factors.**

## **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 an investor's evaluation of the Adviser or the integrity of the Adviser's management. Alternative Investment Group Services, L.P. has no legal or disciplinary events applicable to this Item.

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

The Adviser is registered as an investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act"). The Adviser is registered with the U.S. Commodity Futures Trading Commission ("CFTC") as a commodity pool operator and a commodity trading advisor and is a member of the National Futures Association ("NFA"). AIG is registered with the CFTC as a commodity pool operator and is a member of the NFA.

The Adviser is not engaged in any other business nor does it sell any other products or services.

Neither the Adviser nor any of its management persons are registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

## **Item 11 – Code of Ethics**

### Code of Ethics

The Adviser strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty, and trust. In seeking to meet these standards, the Adviser has adopted a Code of Ethics (the "Code"). The Code incorporates the following general principles all employees are expected to uphold: employees must at all times place the interests of clients first; all personal securities transactions must be conducted in a manner consistent with the Code; any actual or potential conflicts of interest

or any abuse of an employee's position of trust and responsibility must be avoided; information concerning the identity of securities and financial circumstances of the Funds, including the Funds' investors, must be kept confidential; and independence in the investment decision-making process must be maintained at all times. The Code also places restrictions on personal trades by employees, including that they disclose their personal securities holdings and transactions to the Adviser on a periodic basis, and requires that employees pre-clear certain types of personal securities transactions. Clients and investors may request a copy of the Code by contacting the Adviser at the address or telephone number listed on the first page of this document.

The Adviser also maintains Insider Trading policies and procedures (the "Insider Trading Policies") designed to prevent the misuse of material, non-public information. The Adviser's personnel receive training with respect to the Code and are required to certify to their compliance with the Code, including the Insider Trading Policies, on a periodic basis.

#### Restrictions Due to Insider Information

The Adviser's Insider Trading Policies prohibit the Adviser and its personnel from trading for the Funds and managed accounts or themselves, in securities of a company while in possession of material, non-public information ("Inside Information") about the company and from disclosing such information to any person not entitled to receive it. The Adviser has constructed and implemented policies and procedures reasonably designed to shield its investment professionals, in most cases, from access to Inside Information. Among other things, such policies seek to control and monitor the flow of Inside Information to and within the Adviser, as well as prevent trading based on Inside Information.

### **Item 12 – Brokerage Practices**

The Adviser does not have a brokerage account. The Adviser does not suggest brokers to the Funds, Managers, or its investors.

### **Item 13 – Review of Accounts**

The Funds are reviewed by and investment decisions made by the Adviser's Investment Committee, which comprises Christopher Ayton, Richard Cheung, Joel Gantcher, Stewart H. Greenfield, David K. Storrs, Sam Sussman, Maria L.C. Tapia, and Marita K. Wein to ensure optimal investment of Fund assets with controlled volatility. The Investment Committee meets generally weekly to discuss the portfolio, existing managers, potential managers, candidates for termination, and changes in portfolio weights. The Investment Committee reviews aggregate long and short exposure on a regular basis to be confident net market exposure is held to an appropriate level. The Committee also reviews portfolio risk management metrics such as industry sector concentration, manager concentration,

regional exposures, drawdown, standard deviation, beta, correlation to market indices, and return-to-risk measures.

A review of a manager may also be triggered by an unusual activity or special circumstances.

The Adviser monitors information from the managers on a weekly, monthly, and quarterly basis. This information includes long, short and net exposures, performance attribution on longs and shorts, concentration statistics (including top ten longs and shorts, market cap exposure, and sector exposure), consistency of execution with the manager's stated strategy, and liquidity of fund holdings (percent of daily trading volume). The Adviser also analyzes performance and risk statistics and compares these to the Manager's peer group. Additionally, investment team members are expected to stay current on Managers' portfolios, particularly top long and short holdings and any organizational news.

The Adviser provides the following written reports to investors in the Funds:

Monthly: An unaudited written report describing the relevant Fund's performance results and investment environment and such investor's estimated capital account balance or the net asset value of such investor's shares, as applicable.

Quarterly: A report reviewing recent performance results and investment environment.

Annually: The Adviser provides annual audited financial statements of the Funds, audited by the Funds' independent auditor, generally within 180 days of each Fund's fiscal year-end. Investors in the domestic Funds (AILP, AIILP, AIN, AIOLP, and AISLP) receive Schedule K-1s.

## **Item 14 – Client Referrals and Other Compensation**

The Adviser, its affiliates, and employees are not permitted to receive any direct or indirect compensation from any person or entity for Client referrals or receive an economic benefit (including commissions, equipment, or non-research services) from a non-Client in connection with giving advice to Clients.

However, the Adviser has entered into a placement agreement with Venovate Holdings, Inc. (the "Placement Agent"), dated as of October 23, 2014 (the "Placement Agreement"), pursuant to which the Placement Agent has agreed to introduce potential investors to the Funds. Pursuant to the terms of the Placement Agreement, the Investment Adviser will pay the Placement Agent a fee based on revenue derived from assets raised.

## **Item 15 – Custody**

The Funds have entered into an administration agreement with SS&C Technologies, Inc. (the "Administrator") pursuant to which the Administrator performs accounting,

administrative, registrar and transfer agency and other services. For its services, the Administrator is paid an asset-based fee by the Funds at customary rates. The Administrator calculates performance compensation (if applicable) and fees payable to the Adviser and makes payments to the Adviser in accordance with the terms of the Funds' legal documents. The Adviser has no ability to withdraw funds directly from the Funds' accounts in connection with the payment of its fees or reimbursable expenses.

However, the Adviser is deemed to have custody of funds and securities because it has the authority to direct funds or securities, for example, by having advisory fees deducted from a Fund account.

The Adviser is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). However, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule for each Fund because it complies with the provisions of the "Pooled Vehicle Annual Audit Exception", that, among other things, requires each Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Fund distribute its audited financial statements to all investors within 180 days of the end of its fiscal year.

## **Item 16 – Investment Discretion**

The Adviser or its affiliate, AIG, has entered into an investment management agreement or similar agreement with each Fund, pursuant to which the Adviser or an affiliate of the Adviser was granted discretionary trading authority. The Adviser invests the assets of each Fund in accordance with the investment policies and objectives set forth in that Fund's offering documents.

## **Item 17 – Voting Client Securities**

The Securities and Exchange Commission (the "SEC") has adopted Rule 206(4)-6 under the Investment Advisers Act. Under this rule, registered investment advisers that exercise voting authority over investor securities are required to implement proxy voting policies and describe those policies to their investors. The Adviser serves as the investment manager to private investment funds, each of which allocates assets to a variety of portfolio managers that, in turn, invest such assets. The Adviser has authority to vote proxies relating to, or give approval/consent to, amendments proposed by such Managers and is responsible for making all proxy voting decisions in accordance with these proxy voting policy and procedures, and voting of all proxies in a timely manner.

To meet its obligations under this rule, the Adviser has adopted written Proxy Voting Policies and Procedures. These policies and procedures are reasonably designed so the Adviser

votes proxies in the best interest of the investor accounts and addresses how the Adviser will resolve any conflict of interest that may arise when voting proxies. Investors may request a copy of the Proxy Voting Policies and Procedures by contacting the Applicant at the address or telephone number listed on the first page of this document.

### **Item 18 – Financial Information**

The Adviser is not aware of any financial commitment reasonably likely to impair its ability to meet contractual commitments to investors and has not been the subject of a bankruptcy proceeding. The Adviser is not required to include a balance sheet for its most recent fiscal year with this Brochure.

### **Item 19 – Requirements for State-Registered Advisers**

Not applicable.