

Item 1. Cover Page

DISCLOSURE BROCHURE

(FORM ADV, PART 2A)

**Ramius Advisors LLC
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This brochure provides information about the qualifications and business practices of Cowen Investment Advisors LLC, which primarily conducts its advisory business as Ramius Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (212) 845-7900. 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. Ramius Advisors, LLC is registered as an investment adviser with the SEC under its legal name, Cowen Investment Advisors LLC. Registration does not imply a certain level of skill or training.

Additional information about Ramius Advisors, LLC is also available on the SEC’s website at www.adviserinfo.sec.gov.

Please retain a copy of this brochure for your records.

Item 2. Material Changes

The following material changes to the Form ADV Part 2A of Ramius Advisors LLC (the “Adviser”) have been made from the 2017 annual updating amendment filed in March as well as the changes made from the previous annual updating amendment dated March 2016.

Ramius Advisors LLC changed its legal name to Cowen Investment Advisors LLC on May 16, 2017. Notwithstanding the legal name change, the Adviser will continue to do business as Ramius Advisors LLC and will file a “dba” certificate with the State of Delaware on May 17, 2017.

Item 4. Advisory Business. The Adviser revised Item 4 to reflect its provision of discretionary investment management services to an investment scheme pursuant to the Undertakings for Collective Investment in Transferable Securities – commonly known as UCITS funds – sponsored by Merrill Lynch Investment Solutions. The Adviser made corollary changes throughout the Form ADV Part 2A to reflect relevant updates regarding its new Client.

Item 8. Methods of Analysis, Investment Strategies. The Adviser updated Item 8 to reflect material updates to the following Risk Factors: Financial Market Fluctuations; Geographic Concentration; Short Sales; Risk of Derivative Instruments; Cleared Derivative Transactions; Counterparty Risk; and Other Instruments and Future Developments;

The Adviser also updated Item 8 to reflect the following additional Risk Factors: Current Economic Conditions in European Countries; Custodial Risk; Legal and Regulatory Changes, Regulatory Risk, and Cybersecurity and Electronic Systems Risk.

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Item 4. Advisory Business

Ramius Advisors, LLC (the “Adviser”) is a Delaware Limited Liability Company formed in 1997. The Adviser is an indirect, wholly-owned subsidiary of Cowen Inc., a publicly traded company (NASDAQ: COWN). Ramius Advisors LLC changed its legal name to Cowen Investment Advisors LLC on May 16, 2017. Notwithstanding the legal name change, the Adviser will continue to do business as Ramius Advisors LLC and will file a “dba” certificate with the State of Delaware on May 17, 2017. The Adviser’s parent company also changed its name from Cowen Group, Inc. to Cowen Inc. on May 16, 2017. The Adviser provides discretionary investment management services to private investment partnerships and offshore investment funds that are offered to investors on a private placement basis (each a “Private Fund” and collectively, the “Private Funds”) as well as discretionary investment management services (in advisory and/or sub-advisory roles) to companies registered under the Investment Company Act of 1940 (each a “RIC” and collectively, the “RICs”) as well as discretionary investment management services to an investment scheme pursuant to the Undertakings for Collective Investment in Transferable Securities – commonly known as UCITS funds – sponsored by Merrill Lynch Investment Solutions (the “UCITS Fund” and together with the Private Funds, the “Funds”). Additionally, the Adviser provides discretionary investment advisory services to separately managed accounts, some of which may be classified as RICs (the “Managed Accounts”). As used herein, the term “Client” generally refers to each Fund, RIC, the UCITS Fund and each beneficial owner of a Managed Account.

This brochure generally includes information about the Adviser and its relationships with its Clients and affiliates. While much of this brochure applies to all such Clients and affiliates, certain information included herein applies to specific Clients or affiliates only. This brochure does not constitute an offer to sell or solicitation of an offer to buy any securities.

The descriptions set forth in this brochure of specific advisory services that the Adviser offers to its Clients, and investment strategies pursued and investments made by the Adviser on behalf of its Clients, should not be understood to limit in any way the Adviser’s investment activities. The Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this brochure, that the Adviser considers appropriate, subject to each Client’s investment objectives and guidelines. The investment strategies the Adviser pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Client will be achieved.

The Adviser’s investment decisions and advice with respect to its Clients are subject to each Client’s investment objectives and guidelines, as set forth in its respective offering documents/investment management agreement, as applicable. The Adviser has full discretionary authority with respect to investment decisions made on behalf of its Clients.

The Adviser does not participate in wrap fee programs.

As of December 31, 2016 the Adviser managed approximately U.S. \$1,608,512,000 of regulatory assets under management and approximately U.S. \$1,171,098,000¹ of net assets under management on a discretionary basis. These numbers are based on estimated and unaudited information as of such date and are therefore subject to change. The Adviser does not currently manage any non-discretionary Client assets.

¹ The Adviser manages a segment of a proprietary account beneficially owned by its parent company, Cowen Inc. and its value is included in both the regulatory assets under management and the net assets under management for the Adviser.

Item 5. Fees and Compensation

The fees applicable to each Client are set forth in detail in their respective offering document/investment management agreement, as applicable. Generally, Clients pay the Adviser a fee for investment management services (the “Management Fee”) and certain Private Funds, the UCITS Fund and certain Managed Accounts may also charge a performance-based fee or profit allocations (“Performance Compensation”).

Certain Clients may invest in underlying single strategy investment vehicles also managed by the Adviser or an affiliate of the Adviser. In order to avoid layering of fees, in such cases the Adviser may charge a fee with respect to such assets equal to the greater of the fee charged by either (i) the Client or (ii) the applicable underlying single strategy investment vehicle. Certain Clients may also invest in exchange traded funds or other third party investment products; in such cases, advisory compensation charged by the applicable third party investment adviser will be paid by a Client in addition to the advisory compensation outlined herein which is paid to the Adviser. Finally, certain Clients may utilize the services of a third-party sub-advisor who may be entitled to a portion of the advisory compensation paid to the Adviser. Full details regarding the services, fees, investor suitability standards, and other terms applicable to Clients are included in their respective offering document/investment management agreement, as applicable.

Management Fees are based on a percentage of the Client’s assets under management at annual rates which generally will approximate 1% to 2%. Management Fees are generally charged monthly or quarterly for such period during which the Adviser performed the services to which the fees related.

The Adviser may also receive Performance Compensation from certain Private Funds, the UCITS Fund and certain Managed Accounts. Performance Compensation may vary with each Private Fund, the UCITS Fund and Managed Account and is described in detail in their respective investment management agreement and/or offering materials, as applicable. Performance Compensation is generally charged daily, monthly or quarterly (depending upon the account) for the period during which the Adviser performed the services to which such Performance Compensation related. Performance Compensation is generally equal to between 10% and 20% of net realized and unrealized profits for each year after restoration of any losses carried forward from prior years (which loss carryforwards are generally applicable only to the Private Funds and Managed Accounts).

The Adviser does not require prepayment of advisory fees by any Client. Performance Compensation is charged in compliance with all applicable requirements of Rule 205-3 under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). For the avoidance of doubt, the Adviser, in its sole discretion, may waive, reduce or rebate any Management Fee or Performance Compensation or calculate such fees differently with respect to any class, sub-class or series of shares or limited partnership or limited liability company interests of any Private Fund held by or on behalf of any investor, including, without limitation, any employee, agent or affiliate of the Adviser. In addition, Management Fees and/or Performance Compensation may also be calculated differently with respect to, or may not be charged to, certain Managed Accounts including related person-owned Managed Accounts, if any. As noted above, full details regarding the services, fees, investor suitability standards, and other terms applicable to Clients are included in their respective investment management agreement and/or offering materials, as applicable.

Direct Expenses

Each Client is responsible for expenses related to its respective operations and activities, including expenses associated with its investment portfolio and, if applicable, its proportionate share of the direct expenses of the third party investment products in which it invests. The direct expenses incurred by each Client, which are outlined in detail in their respective investment management agreement and/or offering materials, as applicable, may vary depending on the nature of the operations and activities of the Client.

Below is a summary of the direct expenses typically borne by each type of Client. The summary is not meant to be a complete list of all direct expenses; nor should it be inferred that each expense appearing in the summary will be incurred by every Client. Clients are advised to read the relevant investment management agreement and/or offering materials, as applicable, for a complete description of applicable direct expenses.

Generally, expenses related to operations and activities include, but are not limited to, the following: organizational and offering expenses (with respect to Funds and any Managed Accounts formed as a “fund-of-one”), fees payable to the Adviser, third-party administrator and other investment expenses (e.g., expenses that the Adviser reasonably determines to be related to the investment of the Private Fund’s and/or Managed Account’s assets, such as brokerage commissions, expenses relating to short sales, clearing and settlement charges, custodial fees, premiums paid for options, swaptions, and other derivative instruments, bank service fees and interest expenses); operational expenses; expenses incurred with respect to due diligence; investment-related travel expenses; the cost of computer hardware and software to the extent used for research relating to the Client’s investments; legal and compliance expenses (including, without limitation, the fees and expenses of attorneys and compliance professionals retained by the Adviser on behalf of the Private Fund and/or Managed Account as well as the cost of salary and other compensation payable to one or more attorneys or compliance professionals who are employees of the Adviser or one or more of its affiliates, but only to the extent that such cost is attributable to work performed for the benefit of the Client); professional fees (including, without limitation, expenses of consultants and experts) relating to investments; accounting expenses (including the cost of accounting software packages); auditing and tax preparation expenses (whether provided by the employees of the Adviser or another party); costs of printing and mailing reports and notices; taxes; corporate licensing; regulatory expenses (including, whether reported directly by the Client or the Adviser, the costs and expenses related to a Client’s U.S. and/or non-U.S. registration, regulatory and self-regulatory filings, reporting, registrations and memberships, and compliance including without limitation the costs of compliance reporting programs, third-party compliance consultants including the costs and expenses associated with complying with the requirements of any new or additional regulatory regime); insurance expenses; expenses incurred in connection with the offering and sale of the interest and other similar expenses related to the Client; and extraordinary expenses incurred by or relating to the Client or its activities and assets. For more information on brokerage costs please see Item 12.

Each RIC is generally responsible for its own operating expenses (all of which will be borne directly or indirectly by the RIC’s shareholders), including among others, legal fees and expenses of counsel to the RIC and the RIC’s independent trustees; insurance (including trustees’ and officers’ errors and omissions insurance); auditing and accounting expenses; taxes and governmental fees; listing fees; dues and expenses incurred in connection with membership in investment company organizations; fees and expenses of the RIC’s custodians, administrators, transfer agents, registrars and other service providers; expenses for portfolio pricing services by a pricing agent, if any; other expenses in connection with the issuance and offering of shares; expenses relating to investor and public relations; expenses of registering or qualifying securities of the RIC for public sale; brokerage commissions and other costs of acquiring or disposing of any portfolio holding of the RIC; expenses of preparation and distribution of reports, notices

and dividends to shareholders; expenses of the dividend reinvestment plan; compensation and expenses of trustees; any litigation expenses; and costs of shareholders' and other meetings.

The UCITS Fund is generally responsible for its own operating expenses, including expenses related to investing and holding capital and investments, such as brokerage commissions and charges, stamp duty, ticket charges, trade execution, clearing and settlement charges, custodial fees, bank service fees, interest expense and all similar transaction charges and taxes, as well as, taxes, directors fees and applicable directors and officers insurance, registration fees, bank fees, as well as external research expenses, expenses associated with legal counsel and certain other agents and consultants retained by or on behalf of the Adviser of the UCITS Fund. The UCITS also bears distribution and administrative fees. An administrative fee of 0.40% is paid to an affiliate of Merrill Lynch Investment Solutions. An affiliate of Merrill Lynch Investment Solutions also receives a distribution fee that varies by share class.

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

The Adviser accepts Performance Compensation from certain Clients. However, Performance Compensation may not be accepted from all Clients. As described above in Item 5, the Adviser may charge Private Funds, the UCITS Fund and Managed Accounts Performance Compensation in addition to Management Fees which are also described in Item 5 above. Full details regarding the services, fees, investor suitability standards, and other terms applicable to the Private Funds and/or Managed Accounts are included in their respective investment management agreements and/or offering materials, as applicable. The Adviser structures any Performance Compensation subject to applicable federal rules and in accordance with the available exemptions granted under those rules.

The variation of Performance Compensation structures among Private Funds, the UCITS Fund and/or Managed Accounts may create an incentive for the Adviser to direct the best investment ideas to, or to allocate or sequence trades in favor of, Private Funds, the UCITS Fund and/or Managed Accounts that have Performance Compensation obligations or to Private Funds and/or Managed Accounts that pay a greater level of Performance Compensation than other Clients with lower or no Performance Compensation structure, including RICs advised and/or sub-advised by the Adviser. The Adviser is committed to allocating investment opportunities on a fair and equitable basis and has established policies and procedures to address the conflict of interest described above.

Item 7. Types of Clients

As described above in Item 4, the Adviser's Clients include Private Funds, RICs, the UCITS Fund and Managed Accounts. While it is not considered an advisory client, the Adviser also manages an account (formed as a "fund-of-one") that is beneficially owned by its parent company, Cowen Inc. The Adviser may advise both U.S. and non-U.S. Clients.

To help the U.S. Government fight the funding of terrorism and money laundering activities, the Adviser may seek to obtain, verify, and record information that identifies each investor who invests in a Fund and/or Managed Account (including a Managed Account formed as a fund-of-one) advised by the Adviser. In this regard, when an investor seeks to open an account or invest in a Fund, the Adviser may ask for a completed Form W-8/W-9, as applicable, which includes the name, address, Tax ID/Employer ID number (or any other registration number issued in the jurisdiction of location or incorporation) and other reasonably required information that will allow the Adviser to identify the investor. The Adviser may ask for information and documentation regarding source of funds to be invested. The Adviser also reserves the right to ask for more information regarding the individuals who are beneficial owners of the

investor and/or exercise control over the investor. The Adviser may ask for the names of such beneficial owners and may also ask for address, date of birth, and other information that will allow the Adviser to identify such beneficial owners. The Adviser may also request such other information as may be necessary to comply with applicable law. Furthermore, the Adviser may verify any of the aforementioned information using third-party sources and may share that information as required by applicable law or in connection with the execution of trades on behalf of that investor. For certain investors, the Adviser may rely on the investor's broker-dealer, administrator, transfer agent, custodian or placement agent to obtain, verify and record the required information.

Managed Accounts formed as a “fund-of-one” and Private Funds advised by the Adviser may be organized as domestic or offshore (non-U.S.) companies, limited partnerships, limited liability companies, corporate trusts or other legal entities, as determined appropriate by the Adviser. RICs advised and/or sub-advised by the Adviser may be organized as domestic companies, limited partnerships, limited liability companies, corporate trusts or other legal entities, as determined appropriate. The UCITS Fund is organized as an umbrella investment company with variable share capital and is incorporated in Luxembourg.

As a general matter, each Client is managed in accordance with its investment objectives, strategies and guidelines and, unless the Client is a Managed Account, investment advisory services are not tailored to the individualized needs of any particular investor. In addition, an investment in a Private Fund, the UCITS Fund or RIC does not, in and of itself, create an advisory relationship between the investor and the Adviser. Therefore, investors must consider whether such an investment meets their investment objectives and risk tolerance prior to investing. Information about a Client, including its investment risk, can be found in its investment management agreement and/or offering materials, as applicable. Certain non-U.S. affiliates may act as placement agents with respect to the distribution of Private Funds to investors outside the U.S. While this brochure may be provided to, and include information relevant to investors, this brochure is designed solely to provide information about the Adviser and should not be considered to be an offer of interests in any Client.

Typically, each investor in a Private Fund or Managed Account formed as a “fund-of-one” that is exempt from the registration requirements under the Company Act pursuant to Section 3(c)(7) is required to qualify as a “qualified purchaser” within the meaning of Section 2(a)(51) of the Company Act and is required to certify that it is at least an “accredited investor” within the meaning of Rule 501 of Regulation D under the Securities Act and non-U.S. investors (but for UCITS fund investors) are required to certify that they meet the requirements of the Regulation S safe harbor under the Securities Act; however, where the Adviser does not charge performance related compensation to a particular Client, investors will only be required to qualify as an “accredited investor” within the meaning of Rule 501 of Regulation D under the Securities Act. As noted above in Item 6, the Adviser structures any Performance Compensation subject to applicable federal rules and in accordance with the available exemptions granted under those rules. Please see each Client’s investment management agreement and/or offering materials, as applicable, for specific investor qualifications.

In some cases, a Fund may be considered a commodity pool for which the Adviser is a commodity pool operator that: (i) is exempt from certain reporting, recordkeeping and disclosure requirements pursuant to Rule 4.7 under the Commodity Exchange Act (“CEA”); (ii) may be a registered commodity pool operator; or (iii) may be exempt from registration and related requirements pursuant to CEA Rule 4.13(a)(3), or other provisions under the CEA and the rules of the Commodities Futures Trading Commission (“CFTC”) thereunder, and in connection with these exemptions, investors may be required to meet additional requirements. Additionally, investors in a Fund may be subject to certain other eligibility requirements which are set forth in its offering materials. The Adviser’s personnel (including, but not limited to, the Adviser’s investment strategy personnel responsible for the management of a Fund)

who are qualified purchasers, “knowledgeable employees” (as defined in Rule 3c-5 under the Company Act) or who meet a Fund’s eligibility criteria and certain other eligible personnel of the Adviser may be offered the opportunity to invest in any commingled Funds formed and offered by the Adviser.

Certain of a Clients may operate using “master-feeder” structures, pursuant to which trading operations reside in a “master fund” while investors may access the master fund directly or may invest through one or more “feeder funds” that, in turn, invest (directly or indirectly) in the master fund.

The Adviser and its related persons may invest in and/or serve as general partner or managing member, or on the board of directors or advisory board, of a Client and may provide services other than advice (including, but not limited to, administration, organizing and managing the business affairs, executing and reconciling trades, preparing financial statements and providing audit support, preparing tax related schedules or documents, legal and compliance support, and sales and investor relations support, diligence and valuation services) to such Client, in some cases for a fee separate and apart from the advisory fee. A Private Fund or Managed Account (formed as a “fund-of-one”) may pay or reimburse the Adviser for certain organizational and initial offering expenses and operating expenses related to the Private Fund or Managed Account.

With respect to Managed Accounts, the minimum investment is determined on a case by case basis and with respect to Private Funds, the minimum investment is expected to be \$1 million; provided that in each case the Adviser may accept lesser amounts in its discretion. The minimum investment for the RICs is expected to be \$1000 or \$1,000,000, depending upon the share class acquired by the investor. The minimum investment for the UCITS Fund is \$1,000 or \$1,000,000, depending upon the share class acquired by the investor (and in the denomination of such share class).

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

The descriptions provided herein regarding the investment strategies pursued and investments made by the Adviser on behalf of its Clients should not be understood to limit in any way the Adviser's investment activities. The Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described herein, that the Adviser considers appropriate, subject to each Client's investment objectives and guidelines. The investment strategies the Adviser pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Client will be achieved.

Methods of Analysis and Investment Strategies

The Adviser may engage in one or more of a number of strategies with respect to its Clients, including but not limited to: investments in a transformative corporate events including merger arbitrage, shareholder activism and special situations; macro hedging and trading; hedging; private placements in public companies; mortgage-backed securities; distressed securities; long and short equity positions; fixed income positions; equity-oriented positions; real estate related positions; and futures and commodities trading.

The Adviser may also purchase and/or sell on behalf of its Clients securities offered in private placements, including interests in other private investment funds, provided that all eligibility criteria for the acquisitions of such interests are satisfied. The Adviser may also invest the assets of certain Clients through other private investment funds managed by the Adviser or affiliates of the Adviser. In addition, the Adviser may utilize financial leverage to the extent its use fits within a Client’s investment objectives and guidelines and/or enter into various derivative instruments including warrants, options, forwards, swaps and futures contracts on behalf of its Clients. In addition, the Adviser may direct its Clients to

maintain assets in cash or cash-equivalent instruments as well as purchase loans, bank debts, trade claims and other bankruptcy claims. The foregoing is only an attempt to summarize the strategies and securities/instruments utilized on behalf of the Adviser's Clients. As the market environment continues to change, the Adviser may engage in techniques and purchase instruments that are not mentioned in a Client's offering materials and/or investment management agreement (as applicable) if the Adviser, in its discretion, finds the new activity or instrument appropriate for the Client. The Adviser may obtain advice from attorneys, accountants and other experts to assist in its analysis of various asset classes that it trades.

PAST PERFORMANCE RESULTS ARE NOT INDICATIVE OF FUTURE PERFORMANCE. NO ASSURANCE CAN BE MADE THAT PROFITS WILL BE ACHIEVED OR THAT SUBSTANTIAL LOSSES WILL NOT BE INCURRED.

The risks discussed below are those that Clients may be exposed to directly or indirectly. Certain risks apply specifically to particular investment strategies or investments in different types of securities or other investments that a Client (and its investors/beneficial owners) should be prepared to bear. The Adviser's risk management approach seeks to isolate and mitigate, not eliminate, risk and there may be certain risks that the Adviser determines should not or cannot be hedged against. Accordingly, the Adviser's activities could result in substantial losses under certain circumstances. The risks involved will vary based on each respective investment strategy and the type of securities or other investments held in a Client's account.

CERTAIN RISK FACTORS

The following risk factors and conflicts of interest do not purport to be a complete list or explanation of all the risks and conflicts of interest associated with the strategy pursued by the Adviser's Clients, the Adviser's method of analysis or types of investment instruments utilized; nor should it be inferred that each risk factor and conflict of interest appearing below will be faced by every Client. Clients are advised to read the relevant investment management agreement and/or offering document, as applicable, for a more complete description of applicable risks.

Dependence on the Adviser. There can be no assurance that a Client will achieve its investment objective. Although certain of the Adviser's investment professionals have participated in the management of other investment funds and accounts, the past performance of such other investment funds and accounts cannot be relied upon as an indicator of a Client's own success. Investors must rely upon the ability of the Adviser and the Adviser's investment professionals in identifying and implementing investments consistent with each Client's investment objective and policies. A Client's investment performance depends largely on the skill of key personnel of the Adviser. If key personnel were to leave the Adviser, the Adviser might not be able to find equally desirable replacements, and the performance of a Client could, as a result, be adversely affected.

Investment Risks. An investment in a Fund or Managed Account involves a high degree of investment risk, including the risk that the entire amount invested may be lost. A Client will invest in securities using strategies and financial techniques with significant risk characteristics. No guarantee is made that the investment objectives will be realized. There is no guarantee that a Client will be able to control investment risks or that the risks will not aggregate in a manner adverse to a Client. The risks associated with particular investments include, but are not limited to, the risks outlined in the following paragraphs.

Financial Market Fluctuations. General fluctuations in the market prices of securities may affect the value of the investments held by a Client. Instability in the securities markets will also likely increase the risks inherent in a Client's investments. There is no guarantee that ordinary and prudent precautions for natural and other disasters will provide an effective connection between the Adviser and markets in the event of

large-scale disruptions in the United States or, alternatively, in the countries where the Adviser executes trades.

Equity Risk. The market price of securities owned by a Client may go up or down, sometimes rapidly or unpredictably. Clients are subject to the risk that the equity securities in each of their portfolios will decline in value due to factors affecting equity securities markets generally or particular industries represented in those markets. The values of equity securities may decline due to general market conditions, which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. Such values may also decline due to factors that affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Other risks of investing globally in equity securities may include changes in currency exchange rates, exchange control regulations, expropriation of assets or nationalization, imposition of withholding taxes on dividend or interest payments and difficulty in obtaining and enforcing judgments against non-U.S. entities. In addition, securities which the Adviser believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the time frame the Adviser anticipates. As a result, a Client may lose all or substantially all of its investment in any particular instance.

Lack of Liquidity in Markets. The markets for some securities may be thinly traded from time to time. This lack of liquidity and market depth could disadvantage a Client, both in the realization of the quoted prices and in the execution of orders at desired prices or in desired quantities. Also, securities exchanges and the SEC have authority to suspend trading in a particular security without notice.

Concentration of Investments. Subject to applicable limitations in the offering document/investment management agreement, as applicable, a Client's portfolio may be concentrated. Any such lack of diversification would increase the risk of loss to a Client if there were a decline in the market value of any security or sector in which such Client had invested a large percentage of its assets. Investment in a "non-diversified" fund will generally entail greater risks than investments in a "diversified" fund.

Investment in Small Companies. There is generally no limitation on the size or operating experience of the companies in which a Client may invest. Some small companies in which a Client may invest may lack management depth or the ability to generate internally or obtain externally a Client's necessary for growth. Companies with new products or services could sustain significant losses if projected markets do not materialize. Further, such companies may have, or may develop, only a regional market for products or services and may be adversely affected by purely local events. Such companies may be small actors in their industries and may face intense competition from larger companies and entail a greater risk than investment in larger companies.

Investment in Illiquid Securities. A Client may invest in illiquid investments, which are securities that are not readily marketable, only thinly traded or which the Adviser otherwise determines to be illiquid or lacking a readily ascertainable market value. Illiquid investments may include privately placed securities that are not registered under the Securities Act and may have little or no trading market. In many cases the fair market value of such investments may be difficult to ascertain, and there is a risk of mistaken valuations. In addition, a Client may not be able to readily dispose of such investments, and, in some cases, may be contractually prohibited or otherwise restricted from disposing of such securities for a specified period of time. These limitations on liquidity of such investments could prevent a successful sale thereof, result in delay of any sale or reduce the amount of proceeds that might otherwise be realized.

Geographic Concentration. The Adviser expects that the primary geographic focus of a Client's investments will be in the North America and Europe although the Adviser may also pursue investments

in additional international locations, including, but not limited to, Asia and Latin America (subject to any limitations in the applicable offering document/investment management agreement and relevant jurisdictions). There will generally be no limitation on the level of concentration of investments in any one jurisdiction. Targeting a specific geographical area could hurt a Client's performance or cause such performance to be more volatile than a more geographically diversified Client.

Investment in Non-U.S. Securities. The Adviser expects to cause a Client to invest in non-U.S. securities. Such investments may be subject to a greater risk than U.S. investments due to non-U.S. economic, political and legal developments, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of taxes on dividends, interest payments, or capital gains, the need for approval by government or other authorities to make investments, and possible difficulty in obtaining and enforcing judgments against non-U.S. entities and other factors beyond the control of the Adviser. Furthermore, issuers of non-U.S. securities are subject to different, often less comprehensive accounting, reporting or disclosure requirements than U.S. issuers. The securities markets of some countries in which a Client may invest have substantially less volume than those in the United States, and securities of certain companies in these countries are less liquid and more volatile than securities of comparable U.S. companies. Accordingly, these markets may be subject to greater influence by adverse events generally affecting the market, and by large investors trading significant blocks of securities, than is usual in the United States. Brokerage commissions and other transaction costs on securities exchanges in non-U.S. countries are generally higher than in the United States. Non-U.S. securities settlements may in some instances be subject to delays and related administrative uncertainties. In some countries, there are restrictions on investments or investors such that the only practicable way for a Client to invest in such markets is by entering into swaps or other derivative transactions with a prime broker or other intermediaries or counterparties. Such transactions involve counterparty risks that are not present in the case of direct investments and that the Adviser may not be able to control. Investments in companies with significant operations in emerging markets will be subject to all of the risks detailed above, as well as to various other risks that cannot currently be predicted with precision. Additionally, owing to the less developed political systems and markets often in place in emerging markets, the risks described above may be more pronounced with respect to a Client's investment in emerging markets than with respect to investments in other international markets. For example, any such investments may be subject to a greater risk of expropriation, confiscatory taxation, nationalization, or political, economic or social instability than present in more developed markets. In comparison to securities markets in more developed countries, securities markets in developing countries may be substantially less liquid, and may have greater volatility, greater fluctuations in the rate of exchange between currencies, and greater costs associated with currency conversions. Any of these factors could cause the Adviser not to pursue certain investments or to alter certain activities or liquidate certain investments prior to or after the time when the Adviser would otherwise prefer to liquidate such investments, and such factors may cause losses or have other negative impacts on a Client or its investments.

Currency Exchange Risk. Non-U.S. investments may be denominated in, or linked to, currencies other than the U.S. dollar. Currency exchange rates can be volatile and affected by, among other factors, the general economics of a country, the actions of governments or central banks and the imposition of currency controls and speculation. A Client may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rate between such currencies and the U.S. dollar. A change in the value of a non- U.S. currency relative to the U.S. dollar will result in a corresponding change in the U.S. dollar value of the Client's assets denominated in that non-U.S. currency. The Adviser may enter into transactions (including currency swaps, forward currency exchange contracts, currency futures, and options on currencies and futures) to hedge against currency exchange risk, but the Adviser is not obligated to do so. Additionally, suitable hedging transactions may not be available in all circumstances,

or such transactions may not be successful and may eliminate any chance for a Client to benefit from favorable fluctuations in relevant currencies.

Current Economic Conditions in European Countries. Certain European countries, including Greece, Ireland, Italy, Portugal and Spain, are currently experiencing varying degrees of financial distress. Risks from the debt crisis in Europe could result in a disruption of the financial markets, which could have a detrimental impact on global economic conditions. Recently, contagion fears have expanded to Spain and Italy, and credit spreads widened further in European peripheral countries and European banks. There remains considerable uncertainty as to future developments in the European debt crisis and the impact on global financial markets. A significant deterioration of the European debt crisis could result in material reductions in the value of sovereign debt and other asset classes, disruptions in capital markets, widening of credit spreads, loss of investor confidence in the financial services industry, a slowdown in global economic activity, and other adverse developments that could negatively impact the performance of a Client.

Market Disruption and Geopolitical Risk. A Client is subject to the risk that war, terrorism, and related geopolitical events may lead to increased short-term market volatility and have adverse long-term effects on the U.S. and world economies and markets generally, as well as adverse effects on issuers of securities and the value of a Client's investments. Those events, as well as other changes in U.S. and non-U.S. economic and political conditions, also could adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment and other factors affecting the value of a Client's investments. At such times, a Client's exposure to a number of other risks described elsewhere in this section can increase.

Portfolio Turnover. The Adviser expects there will be no limit on the rate of portfolio turnover for any Client, and portfolio investments held by a Client may be sold without regard to the length of time they have been held when, in the opinion of the Adviser, investment considerations warrant such action. This could result in frequent trading. A high rate of portfolio turnover involves correspondingly greater expenses, leads to greater brokerage and other transaction costs, may reduce a Client's investment gains, may create a loss for investors and may result in taxable costs for investors, depending on the tax provisions applicable to such investors.

Short Sales. The Adviser may engage in short selling of securities, currencies or indices, including all forms of derivatives. A short sale will result in a gain if the price of the instrument sold declines sufficiently between the time of the short sale and the time at which another is purchased to replace it. A short sale will result in a loss if the price of the instrument sold short increases or does not decline sufficiently to cover transaction costs. Short sales on equities may expose a Client to theoretically unlimited losses, due to the lack of an upper limit on the price to which an investment can rise. Any gain would be decreased and any loss would be increased by the amount of any premium or interest which a Client may be required to pay with respect to the borrowed instrument.

Leverage. The Adviser has the power to cause certain Clients to borrow and may do so when it deems it necessary or advisable to provide efficient portfolio management or, in unusual circumstances, to take advantage of investment opportunities. The Adviser also may cause certain Clients to borrow when the Adviser deems it appropriate to meet withdrawal requests, which would otherwise result in the premature liquidation of investments. Leverage increases returns if a Client earns a greater return on investments purchased with borrowed Funds than such Client's cost of borrowing. However, the use of leverage exposes a Client to additional risks, including (i) greater losses from investments than would otherwise have been the case had such Client not borrowed to make the investments; (ii) margin calls or interim margin requirements that may force premature liquidations of investment positions; and (iii) losses on investments where the investment fails to earn a return that equals or exceeds such Client's cost of

borrowing. In the event of a sudden, precipitous drop in value of a Client's assets, such Client may not be able to liquidate assets quickly enough to repay its borrowings, further magnifying the losses incurred by such Client.

Risks of Derivative Instruments. The Adviser may engage in a variety of derivative transactions. All derivative instruments, including options, forward contracts and swap contracts involve risks different from, and, in certain cases, greater than the risks presented by more traditional investments.

Many derivative instruments are subject to documentation risk. Because the contract for each over-the-counter derivative transaction is individually negotiated with a specific counterparty, there exists the risk that the parties may interpret contractual terms (*e.g.*, the definition of default) differently when a Client seeks to enforce its contractual rights. If that occurs, the cost and unpredictability of the legal proceedings required for a Client to enforce its contractual rights may lead the Client to decide not to pursue its claims against the counterparty. Also, payment amounts calculated in connection with standard industry conventions for resolving contractual issues (*e.g.*, ISDA Protocols and auction processes) may be different than would be realized if a counterparty were required to comply with the literal terms of the derivatives contract (*e.g.*, physical delivery). In addition, the literal terms of an over-the-counter contract may be applied in ways that are at odds with the investment thesis behind the decision to enter into the contract.

Because many derivatives have a leverage component, adverse changes in the value or level of the underlying asset, rate or index may result in a loss substantially greater than the amount invested in the derivative itself. In the case of swaps, the risk of loss generally is related to a notional principal amount, even if the parties have not made any initial investment. Certain derivatives have the potential for unlimited loss, regardless of the size of the initial investment.

In addition, many derivatives, in particular over-the-counter derivatives, are complex and often valued subjectively, which increases the risk of mispricing or improper valuation, and there can be no assurance that the pricing models employed by the Adviser will produce valuations that are reflective of levels at which such over-the-counter derivatives may actually be closed out or sold. This valuation risk may be more pronounced in cases where a Client enters into over-the-counter derivatives with specialized terms. Improper valuations may result in increased cash payment requirements to counterparties, under collateralization, errors in the calculation of a Client's net asset value and/or a loss of value to a Client. Furthermore, derivatives do not perfectly track the value of the assets, rates or indices they are designed to track. The risk may be more pronounced when outstanding notional amounts in the market exceed the amounts of the referenced assets. As further described herein, derivatives are also subject to other risks, including but not limited to market, management, counterparty documentation, liquidity and leverage risks.

Cleared Derivative Transactions. Certain derivatives transactions that may be used by a Client, including certain interest rate swaps and certain credit default index swaps, will be required to be cleared. In a cleared derivatives transaction, a Client's counterparty to the transaction is a central derivatives clearing organization, or clearing house, rather than a bank or broker. Since the Adviser is not a member of a clearing house, and only members of a clearing house can participate directly in the clearing house, Clients will hold cleared derivatives transactions through accounts at clearing members, who are futures commission merchants who are members of the clearing houses. A Client will make and receive payments owed under cleared derivatives transactions (including margin payments) through its accounts at clearing members. A Client's clearing members guarantee a Client's performance of its obligations to the clearing house. In contrast to bilateral derivatives transactions, following a period of advance notice to a Client, clearing members can generally require termination of existing cleared derivatives transactions at any time and increase the amount of margin required to be provided by a Client to the clearing member for

any cleared derivatives transaction above the amount of margin that was required at the beginning of the transaction. Any such termination or increase could interfere with the ability of a Client to pursue its investment strategy. Also, a Client is subject to execution risk if it enters into a derivatives transaction that is required to be cleared (or which the Adviser expects to be cleared), and no clearing member is willing to clear the transaction on a Client's behalf. In that case, the transaction might have to be terminated, and a Client could lose some or all of the benefit of any increase in the value of the transaction after the time of the trade.

Other Instruments and Future Developments. A Client may take advantage of opportunities in the area of swaps, options on various underlying instruments and swaptions and certain other customized "synthetic" or derivative investments in the future. In addition, a Client may take advantage of opportunities with respect to certain other "synthetic" or derivative instruments which are not presently contemplated for use by a Client or which are currently not available, but which may be developed to the extent such opportunities are both consistent with a Client's investment objective and legally permissible for a Client. Special risks may apply to a Client's investments in the future.

Counterparty Risk. A Client is exposed to counterparty risk to the extent it uses "over-the-counter" derivatives, enters into repurchase agreements, lends its portfolio securities or allows a prime broker, if any, or an over-the-counter derivative counterparty to retain possession of collateral. If a counterparty fails to meet its contractual obligations, goes bankrupt, or otherwise experiences a business interruption, a Client could miss investment opportunities or otherwise hold investments it would prefer to sell, resulting in losses for a Client. Certain markets in which a Client may effect transactions are "over-the-counter" or "interdealer" markets, and may also include unregulated private markets. The lack of a common clearing facility creates counterparty risk. The participants in such markets typically are not subject to the same level of credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes the investor to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing a Client to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a Client has concentrated its transactions with a single or small group of counterparties. A Client may also be exposed to similar risks with respect to non-U.S. brokers in jurisdictions where there are delayed settlement periods.

There can be no assurance that a counterparty will be able or willing to make timely settlement payments or otherwise meet its obligations, especially during unusually adverse market conditions. A Client typically may only close out over-the-counter transactions with the relevant counterparty, and may only transfer a position with the consent of the particular counterparty. When a counterparty's obligations are not fully secured by collateral, then a Client is essentially an unsecured creditor of the counterparty. If the counterparty defaults, a Client will have contractual remedies, but there is no assurance that a counterparty will be able to meet its obligations pursuant to such contracts or that, in the event of default, a Client will succeed in enforcing contractual remedies. Counterparty risk is still present even if a counterparty's obligations are secured by collateral because a Client's interest in collateral may not be perfected or additional collateral may not be promptly posted as required. To the extent a Client allows a prime broker, if any, or any over-the-counter derivative counterparty to retain possession of any collateral, a Client may be treated as an unsecured creditor of such counterparty in the event of the counterparty's insolvency. Counterparty risk also may be more pronounced if a counterparty's obligations exceed the amount of collateral held by a Client (if any), a Client is unable to exercise its interest in collateral upon default by the counterparty, or the termination value of the instrument varies significantly from marked-to-market value of the instrument.

A Client will be exposed to the credit risk of its counterparties and may also bear the risk of settlement default. For example, although the seller under a repurchase agreement will be required to maintain the value of the securities subject to the agreement in an amount exceeding the repurchase price, default by the seller would expose a Client, as buyer, to possible loss due to adverse market action or delay in connection with the disposal of the underlying obligations. Conversely, where a Client acts as seller under a repurchase agreement it is exposed to the risk of the buyer defaulting in its obligation to return the securities when it is required to do so, and a Client could realize a loss on the purchase of the underlying security to the extent that the purchase price of the underlying security is greater than the cash collateral posted by the buyer. In addition, if the seller becomes involved in bankruptcy or litigation proceedings, a Client may incur delay and costs in selling the underlying security or may suffer a loss of principal and interest if a Client is treated as an unsecured creditor and is required to return the underlying collateral to the seller's estate.

Securities purchased or sold on a "when-issued" or "delayed delivery" basis involve a risk of loss if the value of the securities to be purchased declines prior to the settlement date or if the value of the securities to be sold increases prior to a settlement date. Loans of securities also involve risks of delay in receiving additional collateral or in recovering the securities loaned, or possibly loss of rights in the collateral, should the borrower of the securities become insolvent.

Additionally, a Client may be exposed to documentation risk, including the risk that the parties may disagree as to the proper interpretation of the terms of a contract (*e.g.*, the definition of default). If a dispute occurs, the cost and unpredictability of the legal proceedings required for a Client to enforce its contractual rights may lead a Client to decide not to pursue its claims against the counterparty. A Client, therefore, may be unable to obtain payments the Adviser believes are owed to it under over-the-counter derivatives contracts or those payments may be delayed or made only after a Client has incurred the costs of litigation.

Due to the nature of a Client's investments, a Client may invest in derivatives and/or execute a significant portion of its securities transactions through a limited number of counterparties and events that affect the creditworthiness of any of those counterparties may have a pronounced effect on a Client. In addition, the creditworthiness of a counterparty may be adversely affected by larger than average volatility in the markets, even if the counterparty's net market exposure is small relative to its capital. The Adviser evaluates the creditworthiness of the counterparties to a Client's transactions or their guarantors at the time a Client enters into a transaction. A Client is not restricted from dealing with any particular counterparty or from concentrating any or all transactions with one counterparty. The ability of a Client to transact business with any one of a number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by a Client.

Counterparty risk may be further complicated by recently enacted U.S. financial reform legislation which includes provisions for new clearing, margin and reporting requirements for derivatives transactions and new restrictions on the types of derivatives transactions that can be entered into by certain financial companies. The ultimate impact of these regulatory changes remains unclear because much is left to rule making by the CFTC and the SEC, however, these new requirements could mean that a Client will face less creditworthy counterparties on certain derivatives transactions. Also, the new legislation may limit the flexibility of a Client to protect its interests in the event of an insolvency of a derivatives counterparty because of powers granted to clearinghouses and to the Federal Deposit Insurance Corporation to limit or delay close-out of derivatives positions of insolvent clearing members or financial companies and to transfer such positions to other entities.

Custodial Risk. A Client's prime brokers will have custody of such Client's securities, cash, distributions and rights accruing to the Client's securities accounts. SEC rules require prime brokers to maintain physical possession and control of fully paid securities held in a Client's account and to establish certain reserves for the benefit of customers. However, subject to these limitations, the prime brokers generally have the ability to loan, pledge, and rehypothecate the securities in a Client's account, as is typical market practice, and may have insufficient assets to meet all of its obligations to customers in the event of an insolvency of the prime brokers. In such an event, a Client would typically not have a right to recover its securities held by the prime brokers, but would rather have only an unsecured claim against the prime brokers and participate *pro rata* with other customers of the prime brokers in the proceeds of the sale of customer securities. Also, even if the prime brokers do have sufficient assets to meet all customer claims, there could be a delay before a Client receives assets to satisfy its claims. In order to manage the risks associated with prime broker insolvency, a Client may establish relationships with multiple prime brokers. However, there can be no assurance that a Client will be able to establish or maintain such relationships. In addition, a Client may not be able to identify potential solvency concerns with respect to a Client's prime brokers or to transfer assets from one prime broker to another prime broker in a timely manner.

The prime brokers may hold a Client's securities through third parties such as clearing corporations, other brokers or banks. In addition, a Client may hold securities, cash and other assets directly with banks or other third parties not associated with the prime brokers. As a result, a Client may be subject to credit risk with respect to such third parties, as well as with respect to the prime brokers. In addition, certain of a Client's assets may be held by non-U.S. affiliates of a Client's prime brokers and entities other than the prime brokers. Assets held by such non-U.S. affiliates may be subject to legal regimes that provide fewer or different investment protections than the U.S. If a Client has over-collateralized derivative contracts, it is likely to be an unsecured creditor of any such counterparty in the event of its insolvency. Also, even if a Client's prime broker or such other third parties do have sufficient assets to meet all claims, there could be a delay before a Client receives assets to satisfy its claims.

A Client may change the brokerage arrangements at any time without notice to the investors. There are likely to be operational and other delays associated with changes in prime brokerage arrangements.

Fixed-Income Securities. The Adviser may cause a Client to invest in bonds or other fixed-income securities, including, without limitation, commercial paper and "higher yielding" (and, therefore, higher risk) debt securities. Such securities may be below "investment grade" and may 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 values 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; lower-rated debt securities also tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue lower-rated debt securities often are highly leveraged and may not have access to more traditional methods of financing. Trading in such securities may be limited or disrupted by an economic recession, resulting in an adverse impact on the value of such securities. In addition, it is likely that any such economic downturn could affect adversely the ability of the issuers of such securities to repay principal and pay interest thereon and, therefore, increase the incidence of default for such securities.

Swaps. The Adviser may utilize swaps and other derivative transactions to some degree where it believes it will further the objectives of a Client. Notional amounts of swap transactions are not subject to any limitations, and swap contracts may expose a Client to unlimited risk of loss. Swaps may be used as an alternative to futures contracts. To the extent a Client invests in repos, swaps, forwards, futures, options and other "synthetic" or derivative instruments, counterparty exposures can develop and the Fund takes

the risk of nonperformance by the other party on the contract. This risk may differ materially from those entailed in exchange-traded transactions which generally are supported by guarantees of clearing organizations, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. In the international securities markets, the existence of less mature settlement structures and systems can result in settlement default and exposure to counterparty credits.

Options. The Adviser may cause a Client to invest in options. Purchasing put and call options, as well as writing such options, are highly specialized activities and entail greater than ordinary investment risks. Although an option buyer's risk is limited to the amount of the original investment for the purchase of the option, an investment in an option may be subject to greater fluctuation than an investment in the underlying securities. In theory, an uncovered call writer's loss is potentially unlimited, but in practice the loss is limited by the term of existence of the call. The risk for a writer of a put option is that the price of the underlying securities may fall below the exercise price. The ability to trade in or exercise options may be restricted in the event that trading in the underlying securities interest becomes restricted. Unlike exchange-traded options, which are standardized with respect to the underlying instrument, expiration date, contract size and strike price, the terms of over-the-counter options (options not traded on exchanges) are generally established through negotiation with the other party to the option contract. While this type of arrangement allows the Adviser greater flexibility to tailor an option to a Client's needs, over-the-counter options generally involve greater credit risk than exchange-traded options, which are guaranteed by the clearing organization of the exchanges where they are traded.

Futures and Related Options. The Adviser has the ability, to the extent permitted by applicable law and any relevant investment restrictions, to buy and sell futures contracts and related options on behalf of a Client at any time. A futures contract is an agreement between two parties to buy and sell a specific quantity of a commodity (including a securities index or an interest-bearing security) for a set price at a future date. A Client may also buy and sell call and put options on futures or on securities indexes in addition to or as an alternative to purchasing or selling futures contracts, or, to the extent permitted by applicable law, to earn additional income. The use of futures and options involves certain special risks. Futures and options transactions involve costs and may result in losses. Certain risks arise because of the possibility of imperfect correlations between movements in the prices of futures and options and movements in the prices of the underlying securities, securities index, currencies or other commodities or of the securities or currencies in a Client's portfolio that are the subject of the hedge (to the extent a Client uses futures and options for hedging purposes). The successful use of futures and options further depends on a Client's ability to forecast market or interest rate movements correctly. Other risks arise from a Client's potential inability to close out its futures or options positions, and there can be no assurance that a liquid secondary market will exist for any futures contract or option at a particular time. The use of futures and options for purposes other than hedging is regarded as speculative. Certain regulatory requirements may also limit a Client's ability to engage in futures and options transactions.

Cash and Other Investments. The Adviser may cause the Client to invest all or a portion of its assets in cash or cash items, in whole or in part, for investment purposes, pending other investments or as provision of margin for futures or forward contracts. These cash items are generally of high quality at the time of investment and may include a number of money market instruments such as negotiable or non-negotiable securities issued by or short-term deposits with the U.S. and non-U.S. governments and agencies or instrumentalities thereof, bankers' acceptances, high quality commercial paper, repurchase agreements, bank certificates of deposit and short-term debt securities of U.S. or non-U.S. issuers deemed to be creditworthy by the Adviser. While these investments generally involve relatively low risk levels, they may produce lower than expected returns and could result in losses.

Valuations; Use of Estimates. Certain securities in which a Client invests may not have a readily ascertainable market price. Such securities will nevertheless generally be valued by the Adviser, which valuation will be conclusive with respect to the Client, even though the Adviser may face a conflict of interest in valuing such securities because the value thereof will affect their compensation. The Adviser may also have no ability to assess the accuracy of valuations received from an underlying private investment fund in which it invests. Valuation information received from the investment advisor of a private investment fund typically will be estimates only, subject to revision of its annual audit. In addition, the Adviser will have the ability to adjust estimated values provided to it by underlying investment advisers subject to the valuation guidelines set forth in the Client's investment management agreement and/or offering documents, as applicable.

Changes in Allocations. The Adviser will, from time to time, change the percentage of assets allocated to a specific position(s), an investment strategy (if a multi-strategy portfolio) and/or an underlying private investment fund (if a fund of funds). These changes will be made in the Adviser's discretion. A Client's success will depend on the ability of the Adviser to allocate the Client's assets among new and existing investments. Asset allocation does not assure profit or diversification and does not protect against loss.

Multiple Portfolio Managers. Certain Clients may employ multiple underlying investment advisers, each of which trades independently of the others. There can be no assurance that the use of multiple investment advisers will not effectively result in losses by certain investment advisors offsetting any profits achieved by others. Such offsetting could result in significant reduction in the Client's assets, as incentive fees may be allocable to the investment advisor that recognized profits irrespective of the offsetting losses.

Tiered Fee Structure. Certain Clients may have a multi-manager portfolio and invest with a non-affiliated investment advisor. In such instances, the Client may bear multiple investment management fees, which may include incentive fees or incentive allocations that in the aggregate will exceed the fees that would typically be incurred by an investment in a Fund or Managed Account that does not allocate to third-party investment advisors.

Fundamental Analysis. Certain strategies pursued by the Adviser may require the use of fundamental analysis. Fundamental analysis is premised on the assumption that markets are not perfectly efficient, that informational advantages and mis-pricings do occur and that econometric analysis can identify trading opportunities. Fundamental factors include inflation, trade balances, inventories and interest rates, all factors extrinsic to the market. Fundamental analysis may incur substantial losses if such economic factors are not correctly analyzed, not all relevant factors are identified and/or market forces cause mis-pricings to continue despite the traders having correctly identified such mis-pricings. Fundamental analysis may also be more subject to human error and emotional factors than technical analysis.

Technical Analysis. Certain of the Adviser's strategies may make use of mathematical analysis of technical data such as price, volume, and momentum. These strategies do not generally take into account fundamental factors except insofar as such factors may influence the technical data constituting input information for the strategy. Accordingly, technical systems may be unable to respond to markets reacting to fundamental causative events until after the impact of these events has ceased. Consequently, technical trading strategies can incur major losses when factors exogenous to the markets themselves — political events, natural catastrophes, acts of war or terrorism, etc. — dominate the markets. For example, even though a pending political or economic event may appear very likely to cause a major price movement, a number of underlying investment advisors would not adjust their trading positions until their programs indicated, as a result of market price movements, that they should do so.

Legal and Regulatory Changes. Legal, tax and regulatory changes could occur that may adversely affect a Client. New (or revised) laws or regulations or interpretations of existing laws may be issued by the

IRS, the CFTC, the SEC, the Federal Reserve or other banking regulators, or other governmental regulatory authorities or self-regulatory organizations that supervise the financial markets that could adversely affect a Client. A Client also may be adversely affected by changes in the enforcement or interpretation of existing statutes and rules by these governmental regulatory authorities or self-regulatory organizations. For example, there has been an increase in governmental, as well as self-regulatory, scrutiny of the alternative investment industry. It is impossible to predict what, if any, changes in regulations may occur, but any regulation that restricts the ability of a Client to trade in securities could have a material adverse impact on a Client's performance.

In addition, the securities and futures markets are subject to comprehensive statutes, regulations, and margin requirements. The CFTC, the SEC, the Federal Deposit Insurance Corporation, other regulators, and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of securitization and derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action.

In addition, the U.S. government has enacted legislation that provides for new regulation of the derivatives market, including clearing, margin, reporting, and registration requirements. The CFTC, SEC and other federal regulators have been tasked with developing the rules and regulations enacting the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The European Union (and some other countries) are implementing similar requirements that will affect a Client when it enters into derivatives transactions with a counterparty organized in that country or otherwise subject to that country's derivatives regulation. The U.S. government and the European Union have adopted mandatory minimum margin requirements for bilateral derivatives. Such requirements could increase the amount of margin required to be provided by a Client in connection with its derivatives transactions and, therefore, make derivatives transactions more expensive. While certain of the rules are effective, other rules are not yet final and/or effective, so their ultimate impact remains unclear.

The CFTC and certain futures exchanges have established limits, referred to as "position limits," on the maximum net long or net short positions which any person or entity may hold or control in particular options and futures contracts. The CFTC has proposed position limits for certain swaps. All positions owned or controlled by the same person or entity, even if in different accounts, may be aggregated for purposes of determining whether the applicable position limits have been exceeded. Thus, even if a Client does not intend to exceed applicable position limits, it is possible that different clients managed by the Adviser and its affiliates may be aggregated for this purpose. Although it is possible that the trading decisions of the Adviser may have to be modified and that positions held by a Client may have to be liquidated in order to avoid exceeding such limits, the Adviser believes that this is unlikely. The modification of investment decisions or the elimination of open positions, if it occurs, may adversely affect the profitability of a Client.

The SEC has in the past adopted interim rules requiring reporting of all short positions above a certain de minimis threshold and may adopt rules requiring monthly public disclosure in the future. In addition, other non-U.S. jurisdictions where a Client may trade have adopted reporting requirements. If a Client's short positions or its strategy become generally known, it could have a significant effect on the Adviser's ability to implement its investment strategy. In particular, it would make it more likely that other investors could cause a "short squeeze" in the securities held short by a Client forcing a Client to cover its positions at a loss. Such reporting requirements may limit the Adviser's ability to access management and other personnel at certain companies where the Adviser seeks to take a short position. In addition, if other investors engage in copycat behavior by taking positions in the same issuers as a Client, the cost of borrowing securities to sell short could increase drastically and the availability of such securities to a Client could decrease drastically. Such events could make a Client unable to execute its investment

strategy. Short sales are also subject to certain SEC regulations. If the SEC were to adopt additional restrictions regarding short sales, they could restrict a Client's ability to engage in short sales in certain circumstances, and a Client may be unable to execute its investment strategy as a result.

The SEC and regulatory authorities in other jurisdictions may adopt (and in certain cases, have adopted) bans on short sales of certain securities in response to market events. Bans on short selling may make it impossible for a Client to execute certain investment strategies and may have a material adverse effect on a Client's ability to generate returns.

Regulatory Risk. There can be no assurance that the Adviser, its Clients or any of their respective affiliates will avoid regulatory examination or enforcement actions. Even if an investigation or proceeding does not result in a sanction being imposed against the Adviser or any of its affiliates, or such sanction is small in monetary amount, the Adviser, its Clients and/or their respective affiliates may be subject to adverse publicity relating to the investigation, proceeding or imposition of such sanctions. There is also a risk that regulatory agencies in the United States and abroad will continue to adopt, change or enhance new or existing laws or regulations, which may result in additional regulatory scrutiny.

Cybersecurity and Electronic Systems Risk. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage and disruption to hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. The Adviser and its parent company Cowen increasingly rely on information and technology systems to conduct its business. Such systems might, in some circumstances, be subject to cybersecurity incidents or similar events that could potentially result in damage or interruption to these systems, unauthorized access to sensitive transactional and personal information, intentional misappropriation, corruption or destruction of data, or operational disruption. Cybersecurity incidents could potentially occur, and might in some circumstances result in the failure to maintain the security, confidentiality or privacy of sensitive data. Cybersecurity incidents experienced by third party vendors or service providers may indirectly affect the Adviser's Clients. Cybersecurity risks can disrupt the ability to engage in transactional business, cause direct financial loss and affect the value of assets in which the Adviser's Clients invest, harm the Adviser's reputation, lead to violations of applicable laws, result in ongoing prevention, risk management and compliance costs, and otherwise affect business and financial performance.

Conflicts of Interest

The Adviser and its affiliates expect to advise multiple Clients whose accounts may purchase or sell the same securities. The Adviser and its affiliates are not under any obligation to share any investment opportunity, idea or strategy with any particular Client. As a result, Clients of the Adviser or its affiliates may compete with one another for investment opportunities. The Adviser may make recommendations to and take actions on behalf of certain Clients, which may be the same as or different from those made or taken on behalf of another Client. The Adviser may from time to time acquire positions in or transact in securities and other investments on behalf of a Client which may differ from or be inconsistent with the advice given, or the timing or nature of the Adviser's action or actions with respect to another Client. The Adviser's investment allocations are designed to provide a fair allocation of purchases and sales of securities among the various Clients managed by the Adviser, while preserving incentives for the Adviser to find new investment opportunities, and to ensure compliance with appropriate regulatory requirements.

The Adviser and its affiliates have the ability to trade in financial instruments for their own accounts and may act as an investment adviser to the Managed Account of a related person. Currently, the Adviser manages an account beneficially owned by its parent company, Cowen Inc. This may on occasion create

conflicts of interest with regard to such matters as allocation of opportunities to participate in particular investments or to dispose of certain investments. In addition, if as a result of the aggregation requirements set forth under the law, applicable position limits were exceeded, the Adviser, or its respective affiliates could have a conflict of interest in determining which positions to liquidate.

By reason of the investment advisory and other activities of its affiliates, the Adviser may acquire confidential information or otherwise be restricted from initiating transactions in certain securities. It is acknowledged and agreed that, except as required by the applicable law, the Adviser may not be free to divulge, or to act upon, any such confidential information and that, due to such a restriction, the Adviser may not initiate certain transactions the Adviser otherwise might have initiated. It is further acknowledged and agreed that the Adviser shall, for itself and on behalf of its Clients, disclose such information to governmental and regulatory authorities as may be required by law.

From time to time, the Adviser may permit certain Private Fund investors to acquire interests on different terms than other investors (including, without limitation, with respect to minimum investment amounts, fees, expanded reporting and withdrawal terms). The Adviser is not required to notify any or all of the other investors of any such terms, nor is the Private Fund or the Adviser required to offer such additional and/or different rights and/or terms to any or all of the other investors.

Please refer to the relevant Client offering documents and/or investment management agreement, as applicable for a more detailed discussion of risk factors and conflicts of interest.

Item 9. Disciplinary Information

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

Item 10. Other Financial Industry Activities and Affiliations

The Adviser is registered as a commodity pool operator ("CPO") with the CFTC and is a member of the National Futures Association ("NFA"). Certain management persons of the Adviser are registered as principals and associated persons with the National Futures Association.

The Adviser is affiliated with the following U.S. registered broker-dealers: Cowen and Company, LLC and ATM Execution LLC as well as the dual-registered U.S. broker-dealer and investment adviser, Cowen Prime Services LLC. The Adviser is also affiliated with Cowen International Limited, a UK FCA registered broker-dealer and Ramius UK Limited, which is currently not active but is registered with the UK FCA with respect to certain investment advisory activities. The above referenced entities are all (directly or indirectly) wholly owned subsidiaries of Cowen Inc., a publicly traded company (NASDAQ: COWN).

The Adviser generally operates separately from its broker-dealer affiliates and does not direct any Client business to its broker-dealer affiliates (however, the Adviser is permitted to direct business to its affiliated broker-dealers for affiliate-owned accounts it manages). To the extent that any conflict may arise with respect to its affiliated broker-dealers, the potential conflict is addressed by Cowen Inc.'s Conflicts Committee which is headed by Cowen Inc.'s General Counsel. At this time, the Adviser does not believe there is any material conflict related to this relationship.

The Adviser is also affiliated with the following investment advisors which also manage Funds and/or advise Managed Accounts: Cowen Investment Management LLC, Cowen Trading Strategies LLC,

Cowen Advisors, LLC, TriArtisan Capital Advisors LLC, Starboard Value LP, Healthcare Royalty Management, LLC, HCRP MGS Account Management, LLC, Quadratic Capital Management LLC, Caerus Investors, LLC, Margate Capital Management LP, RCG Longview Equity Management, LLC, RCG Longview Management, LLC, RCG Longview Debt Fund IV Management, LLC and RCG Longview Partners II, LLC. All of the affiliated investment advisors are registered with the U.S. Securities and Exchange Commission. Cowen Trading Strategies LLC, Cowen Advisors, LLC, TriArtisan Capital Advisors LLC are all relying advisers of Cowen Investment Management LLC. Quadratic Capital Management LLC is also a CPO and member of the NFA. The Adviser also serves as the investment adviser to a UCITS Fund sponsored by Merrill Lynch Investment Solutions.

At this time, the Adviser does not believe there are any material conflicts related to these affiliations. For a complete description of these advisors and the clients they advise and manage, please refer to their Form ADV Part 1's.

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

The Adviser has adopted a Code of Ethics that is applicable to all of its access persons, supervised persons and virtually all of its employees (for purposes of this section of the brochure, references to "employees" include access persons and supervised persons). The Code of Ethics reflects the Adviser's belief in the absolute necessity to conduct all business, make all decisions and carry on all personal activities at the highest ethical and professional levels.

All persons that are covered by the Code of Ethics must avoid activities, interests and relationships that may interfere or appear to interfere with making decisions in the best interests of Clients. More specifically, the Code of Ethics seeks to place the interests of Clients over the interests of any employee; imposes standards of business conduct for all of the Adviser's employees; requires employees to comply with the federal securities laws; regulates employee personal securities transactions, including requiring all covered persons to obtain pre-approval before investing in hedge fund or private placement investments; and requires reporting and review of personal securities transactions.

The Adviser will provide a copy of the Code of Ethics to any Client or prospective Client (including Private Fund investors) upon request.

The Adviser may cause the Clients to purchase securities and other instruments that are also being purchased by the Adviser, the Adviser's affiliates or their respective employees for their own accounts. The Adviser in all cases purchases securities and other instruments for the Clients on terms at least as favorable as the terms on which the same securities or instruments are purchased for the account of the Adviser, proprietary accounts of its members or the personal accounts of the Adviser's employees to the extent that such securities or instruments are purchased at approximately the same time and in the same direction as the Client. If this procedure results in the employees of the Adviser or the proprietary accounts of its members acquiring securities or other instruments on more favorable terms than the Clients, such employees or members will reimburse the Clients, respectively, so that such inequity is corrected. The Adviser reserves the right, in its sole discretion, to not require such reimbursement if it determines the benefit to the Client would be outweighed by the administrative costs associated with processing the reimbursement.

When it is determined that it would be appropriate for one or more Clients to participate in an investment opportunity, the Adviser will seek to execute orders for all of the participating investment accounts on an equitable basis, taking into account such factors as the investment objectives of the participating investment accounts, the availability of leverage, the relative amounts of capital available for new investments, relative exposure to market trends, transaction costs, the portfolio positions of the

participating investment accounts, the eligibility of the particular Client, and the other investment accounts under applicable law to make the investment in question and the manner in which the investment is likely to affect the amount of available capital after the investment is made.

Notwithstanding the foregoing, the Adviser is not obligated to allocate to a Client all potential transactions for which it might be eligible pursuant to its investment guidelines and procedures. Depending on the circumstances, the Adviser may allocate certain transactions on a disproportionate basis among its Clients and/or may allocate all of certain other transactions to other Clients, including funds in which one or more of the principals or employees of the Adviser or its affiliates may have an interest. In addition, varying compensation arrangements among the Clients could incentivize the Adviser to allocate investment opportunities to certain Clients over others, or to otherwise manage the Clients differently.

Item 12. Brokerage Practices

The Adviser is responsible for, among other things, the placement of any securities transactions entered into on behalf of a Client, and for the negotiation of any commissions paid on such transactions. Such securities may be purchased over the counter, through brokers on securities exchanges or directly from the issuer or from an underwriter or market maker for the securities. Purchases of portfolio securities through brokers involve a commission to the broker, and purchases from dealers serving as market makers include the spread between the bid and the ask price. The Adviser seeks to obtain the best execution for the Client, taking into account such factors as price (including the applicable dealer spread or commission, if any), size of order, difficulty of execution, operational facilities of the firm involved and the firm's risk in positioning a block of securities.

The Adviser may execute a portion of the securities trades entered into by a Client through one or more customer brokerage accounts maintained by the Client with certain clearing brokers (the "Clearing Brokers") pursuant to the terms of one or more clearing agreements with the Adviser under which the Adviser allocates to the Clearing Brokers a portion of the brokerage commissions it charges the Client. Floor brokers selected by the Adviser that execute transactions in listed securities receive a portion of the brokerage commissions that the floor brokers charge the Client at rates negotiated by the Adviser and each floor broker.

The Adviser generally does not enter into directed brokerage arrangements but may do so for certain Managed Account clients for which it does not have custody with respect to its advisory activities. Any directed brokerage arrangements must be approved by the Adviser.

Brokers and dealers are selected by the Adviser on the basis of a variety of factors, including, without limitation, some or all of the following: net price; settlement capabilities and error resolution; electronic reconciliation capability; special execution capabilities; ability to execute large orders, to commit capital, and to minimize trading costs associated with implementing investment decisions; commission rates; reputation, including regulatory issues; financial strength and stability; efficiency of execution of small lots; offering on-line access to computerized data regarding open orders; the ability or inability of electronic trading networks to handle trades instead of other broker-dealers; value of research; and other matters involved in the receipt of brokerage services generally. Research services furnished by brokers may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services, as well as discussion with research personnel. The Adviser may, in the future, 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 investment and research information 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. Any research services provided by broker-dealers used by the Client may be utilized by the Adviser or its

affiliates in connection with their respective investment services for other accounts and, likewise, any research services provided by broker-dealers used for transactions of other accounts may be utilized by the Adviser in performing its services for the Client.

The Adviser does not currently make use of “soft dollars” and does not currently have any “soft dollar” accounts with any of its brokerage relationships; however, in the event an account was opened, any use of “soft dollars” would fall within the safe harbor created by Section 28(e) of the Exchange Act. Under Section 28(e), research obtained with soft dollars generated by the Client may be used by the Adviser to service accounts other than the Client.

The Client’s securities transactions may generate a substantial amount of brokerage commissions and other compensation, all of which the Client, not the Adviser, will be obligated to pay. The Adviser has complete discretion in deciding what brokers and dealers the Client will use and in negotiating the rates of compensation the Client will pay. In addition to using brokers as “agents” and paying commissions, the Adviser, on behalf of a Client, may buy or sell securities directly from or to dealers acting as principals at prices that include markups or markdowns, and may buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers.

Brokers sometimes suggest a level of business they would like to receive in return for the various services they provide. Actual brokerage business received by any broker may be less than the suggested allocations, but can (and often does) exceed the suggestions, because total brokerage is allocated on the basis of all of the considerations described above. A broker is not excluded from receiving business because it has not been identified as providing research services. The investment information received from the Client’s brokers may be used by the Adviser in servicing all of its accounts, and not all such information need be used by the Adviser in connection with the Client. Nonetheless, the Adviser believes that such investment information provides the Client with benefits by supplementing the research otherwise available to the Client.

The Adviser may aggregate or “block” purchase and sale orders of securities to seek the efficiencies that may be available in larger transactions when it determines that aggregation is consistent with its duty to seek best execution for its Clients, although it has no obligation to do so.

Item 13. Review of Accounts

The Adviser performs various daily, weekly, monthly, quarterly and/or periodic reviews of each Client portfolio (as needed). Such reviews are conducted by the Adviser’s portfolio managers and research associates. Each Client portfolio is reviewed to ensure: (1) suitable investments are maintained in each Client portfolio; (2) securities are within appropriate risk levels for the Client; (3) an appropriate asset allocation is maintained; and (4) any additional requirements communicated by a Managed Account to the Adviser in writing are met. A review of a Client portfolio may be triggered by any unusual activity or special circumstances.

The Adviser anticipates sending Clients a periodic letter documenting the performance of the Client’s portfolio. The Adviser may provide certain Private Fund investors with information on a more frequent and detailed basis if agreed to by the Adviser. In addition, when required by law or otherwise agreed to by contract, the Adviser will issue Client audited financial statements within the legally required time period following the end of such Client’s fiscal year. The Adviser will also provide its Client’s investors tax reports (if applicable); however, no assurances can be made as to when investor tax information will be provided. As a result, Client’s investors may be required to obtain extensions of the filing date for their income tax returns at the U.S. federal, state, and local level.

Item 14. Client Referrals and Other Compensation

The Adviser does not receive economic benefits from non-Clients for providing investment advice and other advisory services. However, the Adviser or its affiliates have entered into placement agreements with certain placement agents (“Placement Agents”), pursuant to which the Placement Agents have agreed to introduce potential investors to the Clients. The Placement Agents may receive compensation for such services from the Adviser or its affiliates.

Item 15. Custody

The Adviser is deemed to have custody of Client funds and securities because it has the authority to obtain Client funds or securities, for example, by deducting advisory fees from a Client’s account or otherwise withdrawing funds from a Client’s account. Actual custody of Client funds and securities are maintained by qualified custodians, including broker-dealers and/or bank or trust companies, and not at the Adviser. Account statements related to the Clients are sent by qualified custodians to the Adviser (except for RICs and Managed Accounts for which the Adviser does not have custody, in which case the account statements are sent directly to the RIC and/or Managed Account’s beneficial owner by the qualified custodian).

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 with respect to each Private Fund because it complies with the provisions of the so-called “Pooled Vehicle Annual Audit Exception”, which, among other things, requires that each Private 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 will require each Fund to distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

Item 16. Investment Discretion

The Adviser, in its capacity as an investment adviser or sub-adviser, has discretionary trading authority with respect to its Clients. The Adviser’s investment decisions and advice with respect to each Client are subject to each Client’s investment objectives and guidelines, as set forth in its offering documents and/or investment management agreement (or sub-advisory agreement), as applicable.

The Adviser has entered into an investment management agreement, or similar agreement, with each Fund or beneficial owner of each Managed Account, pursuant to which the Adviser or an affiliate of the Adviser was granted discretionary trading authority. The adviser has also entered into sub-advisory agreements with Managed Accounts that are RICs, pursuant to which the Adviser was granted discretionary trading authority over a segment of the RIC’s investment portfolio. The Adviser does not currently advise any non-discretionary Clients.

Item 17. Voting Client Securities

In compliance with Rule 206(4)-6 of the Advisers Act, the Adviser has adopted proxy voting policies and procedures. All decisions about how to vote a proxy are made in accordance with the Adviser’s proxy voting policies and procedures, which are designed to take into account the best interests of the Clients, as determined by the Adviser in its discretion. The Adviser may take into account all relevant factors when making such determination. Clients are generally not permitted to direct voting decisions.

The Adviser has primary responsibility to monitor voting decisions for conflicts of interest, which include the consideration of whether the Adviser or any investment professional or other person recommending how to vote has an interest in the vote that may present a conflict of interest.

This summary of the Adviser's voting policies and procedures is qualified in its entirety by the Adviser's voting policies and procedures. The Adviser will make information regarding how proxies were voted and/or provide a copy of its voting policies and procedures to Clients upon request.

Item 18. Financial Information

The Adviser is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to Clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.