
PART 2A OF FORM ADV: FIRM BROCHURE

BLACKMOOR INVESTMENT PARTNERS LIMITED

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This brochure (this “**Brochure**”) provides information about the qualifications and business practices of Blackmoor Investment Partners Limited (the “**Investment Advisor**”, “**we**”, “**us**”, and similar terms). If you have any questions about the contents of this Brochure, please contact us at +44 203-146-2060 or kas@blackmoorip.com. 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.

This Brochure also relates to Blackmoor Investment Partners LLC (the “**General Partner**”); however, to the extent the qualifications and business practices of the General Partner are substantially similar to those of the Investment Advisor, no specific mention of the General Partner is made herein.

The Investment Advisor is registered as an investment advisor with the SEC. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about the Investment Advisor also is available on the SEC’s website at www.Advisorinfo.sec.gov.

ITEM 2

MATERIAL CHANGES

This Brochure is our initial Form ADV Part 2A, which has been submitted with our application for registration with the SEC; therefore, there are no material changes to report. In the future, if our Brochure - when amended in conjunction with our annual update - contains material changes from our last annual update, we are required to identify and discuss those changes.

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ITEM 4

ADVISORY BUSINESS

A. General Description of Advisory Firm

1. *Blackmoor Investment Partners Limited*

Blackmoor Investment Partners Limited (the “**Investment Advisor**”, “**we**”, “**us**”, and similar terms) is a private limited company incorporated on 15 April 2016 under the laws of England and Wales. We have one office, which is located in London. The principal owners of the Investment Advisor are Douglas Smith, who also serves as a director of the Investment Advisor, and Yasmin Kirdar-Smith.

2. *Blackmoor Investment Partners LLC*

Our registration on Form ADV also covers Blackmoor Investment Partners LLC (the “**General Partner**”), a limited liability company organized under the laws of the Cayman Islands. The General Partner is an affiliate of the Investment Advisor and it serves or may serve as (i) the general partner of pooled investment vehicles that are partnerships and (ii) the investment manager of pooled investment vehicles, subject to the overall supervision, control and policies of the board of directors of the applicable pooled investment vehicle. The General Partner’s facilities and personnel are provided by the Investment Advisor.

Douglas Smith is the principal owner and managing member of the General Partner.

B. Description of Advisory Services

This Brochure generally includes information about us and our relationships with our 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.

1. *Advisory Services*

The Investment Advisor provides certain Investment Advisory services and other services with respect to private pooled investment vehicles, the securities of which are offered to investors on a private placement basis (each, a “**Fund**” and collectively, the “**Funds**”). The Funds include:

- Blackmoor Ownership Holdings LP, a Delaware limited partnership (the “**Partnership Fund**”);
- Blackmoor Ownership Holdings Limited, a Cayman Islands exempted company (the “**Offshore Fund**” and together with the Partnership Fund, the “**Feeder Funds**”); and
- Blackmoor Ownership Holdings Master Limited, a Cayman Islands exempted company (the “**Master Fund**”), which serves as a master fund into which the Feeder Funds invest substantially all of their assets through a “master feeder” structure.

The General Partner serves as the general partner of the Partnership Fund and the investment manager of the Funds. A committee at the Investment Advisor determines what investments to recommend to the General Partner and its investment committee by a majority decision; provided, however, that Douglas Smith will have a veto right.

This Brochure does not constitute an offer to sell or solicitation of an offer to buy any securities. The securities of the Funds are offered and sold on a private placement basis under exemptions promulgated under the Securities Act of 1933 and other applicable state, federal or non-U.S. laws. Significant suitability requirements apply to prospective investors in the Funds, including requirements that they be “accredited investors” as defined in Regulation D, “qualified purchasers” as defined in the Investment Company Act, or non-“U.S. Persons” as defined in Regulation S. Persons reviewing this Brochure should not construe this as an offer to sell or a solicitation of an offer to buy the securities of any of the Funds described herein. Any such offer or solicitation will be made only by means of a confidential private placement memorandum.

2. *Investment Strategies and Types of Investment*

We employ a private equity due diligence and ownership approach to seek to cause our clients to invest in quality small to mid-capitalisation (typically €200 million to €2,500 million equity value) European companies, which are typically “ownerless corporations”, where there is the opportunity to acquire a reference shareholding (generally 5%-25% of outstanding shares). For a more detailed description of our investment program, please see Item 8 below.

The descriptions set forth in this Brochure of specific advisory services that we offer to our clients, and investment strategies pursued and investments made by us on behalf of our clients, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each client’s investment objectives and guidelines. The investment strategies we pursue 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.

C. Availability of Customized Services for Individual Clients

The Investment Advisor makes investment recommendations to the General Partner based on the investment objectives and strategy set out in the Private Placement Memorandum disseminated to investors.

D. Wrap Fee Programs

We do not currently participate in any Wrap Fee Programs.

E. Assets Under Management

We have discretionary regulatory assets under management of approximately \$56,750,000 (rounded to the nearest \$10,000), determined as of 31 August 2018. We have no non-discretionary assets under management.

ITEM 5

FEES AND COMPENSATION

A. Advisory Fees and Compensation

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

1. *Investment Management Fee*

The Feeder Funds will pay to the General Partner a fee for its services (the “**Investment Management Fee**”) for each fiscal quarter equal to a quarter of the result of the applicable Investment Management Fee Rate multiplied by the net asset value of each series of “**Shares**” (for the Offshore Fund) or “**Interests**” (for the Partnership Fund) as of the end of such fiscal quarter before taking into account the estimated accrued Performance Compensation (as such term is defined below) or Investment Management Fee, if any.

“**Investment Management Fee Rate**” means:

- i. with respect to A Shares/Interests, (a) 2% when the Subscription Amount of an A Shareholder/Limited Partner with respect to A Shares/Interests is equal to or less than €25,000,000 (or its currency equivalent) and (b) 1.75% when the Subscription Amount of an A Shareholder/Limited Partner with respect to A Shares/Interests is greater than €25,000,000 (or its currency equivalent);
- ii. with respect to B Shares/Interests, (a) 1.75% when the Subscription Amount of a B Shareholder/Limited Partner with respect to B Shares/Interests is equal to or less than €25,000,000 (or its currency equivalent) and (b) 1.5% when the Subscription Amount of a B Shareholder/Limited Partner with respect to B Shares/Interests is greater than €25,000,000 (or its currency equivalent); and
- iii. with respect to C Shares/Interests, (a) 1.5% when the Subscription Amount of a C Shareholder/Limited Partner with respect to C Shares/Interests is equal to or less than €25,000,000 (or its currency equivalent) and (b) 1.25% when the Subscription Amount of a C Shareholder/Limited Partner with respect to C Shares/Interests is greater than €25,000,000 (or its currency equivalent).

“**Subscription Amount**” means, with respect to each A Shareholder, B Shareholder and C Shareholder of the Offshore Fund, and with respect to each A Limited Partner, B Limited Partner and C Limited Partner of the Partnership Fund, the aggregate investment of such Shareholder/Limited Partner in the applicable Fund (such investments to be measured in subscription values, as reduced by the amount of any redemptions).

The Funds will calculate and pay the Investment Management Fee in arrears but will accrue the Investment Management Fee monthly over the fiscal quarter for which such Investment Management Fee is paid.

In the sole discretion of the General Partner, all or any portion of the Investment Management Fee may be waived, reduced or calculated differently with respect to certain investors.

2. Incentive Fees/Incentive Allocations

A Shares/Interests (12 month Lock-Up Period)

At the end of each Calculation Period, the Funds will pay to the General Partner an amount (the “**A Share Incentive Fee/Allocation**”) equal to the result of 17.5% multiplied by the amount by which the Adjusted NAV of each series of A Shares/Interests exceeds its Prior High NAV.

The “**Prior High NAV**” of each series of A Shares/Interests is the net asset value of that series immediately following the date as of which the last A Share Incentive Fee/Allocation earned with respect to such series was determined (or if no A Share Incentive Fee/Allocation has yet been determined with respect to such series, the net asset value of such series at the initial issuance of such series) reduced by any applicable taxes accrued or paid subsequent to either such date.

If A Shares/Interests of a particular series are redeemed other than at the end of a Calculation Period as of which an Incentive Fee is payable with respect to such series, the Prior High NAV of such series will be reduced in the same proportion as the reduction in the net asset value of that series caused by such redemption.

B Shares/Interests and C Shares/Interests (24 and 48 month Lock-Up Period, respectively)

At the end of each Calculation Period, the Funds will pay to the General Partner an amount (the “**B/C Share Incentive Fee/Allocation**”, together with the A Share Incentive Fee/Allocation, the “**Performance Compensation**”) equal to the result of 17.5% multiplied by the amount by which the Adjusted NAV of each series of B Shares/Interests or C Shares/Interests, as applicable, (increased by any applicable taxes accrued or paid during such Calculation Period) exceeds its Hurdle NAV.

The “**Hurdle NAV**” of each series of B Shares/Interests or C Shares/Interest, as applicable, is the net asset value of such series as of the last day of the prior Calculation Period plus an amount equal to such net asset value multiplied by the Hurdle Rate.

The “**Hurdle Rate**” means, with respect to any Calculation Period, (i) an annual rate of 3% for B Shares/Interests and (ii) an annual rate of 5% for C Shares/Interests.

General

The “**Adjusted NAV**” of each series of Shares/Interests is the net asset value of such series adjusted for (i) any redemption of Shares in the series made during the relevant Calculation Period, (ii) any accruals of the Incentive Fee during the Calculation Period, (iii) any other relevant adjustments.

The first “**Calculation Period**” with respect to a series of Shares/Interests shall commence upon the issue of the Shares/Interests of such series and shall end upon the conclusion of the Lock-Up Period applicable to such series of Shares/Interests. Thereafter, each Calculation Period of a series of Shares/Interests shall commence immediately upon the close of the preceding Calculation Period and end on the last day of the subsequent Lock-Up Period.

The Performance Compensation will also be paid with respect to amounts redeemed and to Shares/Interests transferred (provided that such transfer results in a change in the beneficial ownership of the Shares/Interests transferred), upon the termination of the investment management agreement and upon the dissolution of the Funds.

The Performance Compensation will be paid separately with respect to each series of Shares/Interests issued to a Shareholder/Limited Partner. Accordingly, it is possible that the Performance Compensation may be payable with respect to one series of Shares/Interests even though another series of Shares/Interests held by the same Shareholder/Limited Partner has not appreciated, or has depreciated in value during the same period.

In the sole discretion of the General Partner, the Performance Compensation may be waived, reduced or calculated differently with respect to the series of Shares/Interests of any Shareholder/Limited Partner. To facilitate any such waiver, reduction or different calculation, the Funds may issue Shares/Interests of a separate class, series or sub-series.

B. Payment of Fees

Fees and compensation paid to the Investment Advisor or its affiliates are generally deducted from the assets of such client. The Fund will pay the Investment Management Fee within 10 days of the last day of each fiscal quarter. The Performance Compensation is generally deducted at the end of each applicable Calculation Period.

C. Additional Fees and Expenses

The Feeder Funds will bear their own expenses, and their *pro rata* share of the Master Fund's expenses and any trading vehicle's expenses, including, without limitation, investment expenses (e.g., expenses that, in the General Partner's or the Investment Advisor's discretion, are related to the investment of the Master Fund's assets, whether or not such investments are consummated, such as brokerage commissions, expenses relating to short sales, clearing and settlement charges, custodial and depositary fees, bank service fees and interest expenses); investment-related travel expenses (which are travel expenses related to the purchase, sale or transmittal of the Master Fund's investments incurred by the General Partner or the Investment Advisor); professional fees (including expenses of consultants, appraisers, investment bankers, attorneys, accountants and other experts) relating to investments; research and market data (including Investment Research and corporate access fees); administrative expenses (including fees and expenses of the Administrator and other similar service providers); legal expenses; external accounting and valuation expenses; audit and tax preparation expenses; insurance expenses, including, without limitation, cybersecurity insurance and costs related to errors and omissions insurance for the General Partner and the Investment Advisor and costs relating to directors' and officers' liability insurance; fees of the General Partner, the Fund's directors and the Master Fund's and any trading vehicle's directors; costs of printing and mailing reports and notices; taxes; corporate licensing; regulatory expenses; listing fees; organisational expenses; expenses incurred in connection with the offering and sale of the Shares and other similar expenses; indemnification expenses; extraordinary expenses, including, without limitation, indemnification expenses; and fees and expenses incurred in connection with the reorganisation, dissolution, winding-up or termination of the Fund, the Master Fund or any trading vehicle.

The Investment Advisor or its affiliates may, but ordinarily do not expect to, earn fees and other income (“**Ancillary Fees**”) from services provided or related to the Funds' portfolio investments or in connection with the Funds' portfolio investments or prospective portfolio investments, such

as, without limitation, advisory fees, due diligence fees, structuring fees, servicing fees, directors' fees, break-up fees or any similar fees. To the extent Ancillary Fees are received, the Investment Management Fee will be offset by an amount equal to the Fund's pro rata portion of the investment to which such Ancillary Fees relate. To the extent any pro rata portion of Ancillary Fees exceeds the amount of the Investment Management Fee, such Ancillary Fees will offset future Investment Management Fees.

D. Prepayment of Fees

Clients are not required to prepay fees.

E. Additional Compensation and Conflicts of Interest

Neither the Investment Advisor nor any of its supervised persons accepts compensation (e.g., brokerage commissions) for the sale of securities or other investment products.

ITEM 6
PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We and our affiliates accept performance-based compensation from every client (other than clients that are not assessed performance-based compensation because it is assessed through another entity in a single master-feeder or similar structure). As a result, we and our affiliates do not face certain conflicts of interest that may arise when an investment adviser accepts performance-based fees from some clients, but not from other clients.

ITEM 7
TYPES OF CLIENTS

We provide investment advice to Funds, as described above.

ITEM 8

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis and Investment Strategies

The descriptions set forth in this Brochure of specific advisory services that we offer to clients, and investment strategies pursued and investments made by us on behalf of its clients, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each client's investment objectives and guidelines. The investment strategies we pursue 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.

Our investment objective is to seek to create capital appreciation through investing in a limited number of publicly listed fundamental value situations each with dual value creation paths of significant improvement potential and M&A potential that are well known to the General Partner and Investment Advisor, where we can add value to the companies in which we cause our clients to invest by being the catalyst to drive the implementation of the identified improvement strategies.

We employ a private equity due diligence and ownership approach to seek to cause our clients to invest in quality small to mid-capitalisation (typically €200 million to €2,500 million equity value) European companies, which are typically 'ownerless corporations', where there is the opportunity to acquire a reference shareholding (generally 5%-25% of outstanding shares).

We seek to act like an owner, and is willing to be wall crossed to improve the quality of dialogue to be the catalyst to promote change to implement improvement strategies through constructive engagement with a new or frustrated Board/management and/or in partnership with fellow shareholders.

We typically seek to cause our clients to invest in a concentrated portfolio with 6-10 core positions at any one time, typically with a maximum of 25% of net asset value invested in any one name. Core positions will typically be supported by 10-15 farm positions (generally, up to 10% of net asset value), which will either develop into core positions or be sold.

We will seek to cause our clients to employ modest leverage where appropriate, typically limiting gross exposure to 130%. We may also seek to cause our clients to hedge market risks where it is deemed appropriate, typically limiting net exposure to 30%.

B. Material, Significant or Unusual Risks Relating to Investment Strategies

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the clients advised by us. These risk factors include only those risks we believe to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by us.

Risk of Loss

No guarantee or representation is made that our clients' investment programs, including, without limitation, our clients' investment objectives, diversification strategies or risk monitoring goals, will be successful. Investment results may vary substantially over time.

No assurance can be made that profits will be achieved or that substantial or complete losses will not be incurred.

Activist Role of Our Clients

Our clients may pursue an activist role in effectuating corporate change with respect to an investment. The costs in time, resources and capital involved in such activist investments depend on the circumstances, which are only in part within our control, and may be significant, particularly if litigation against our clients, the Investment Advisor and/or its affiliates ensues. In addition, the expenses associated with an activist investment strategy, including potential litigation or other transactional costs, will be borne by our clients. Such expenses may reduce returns or result in losses.

The success of our clients' activist investment strategy may require, among other things: (i) that we properly identify portfolio companies whose equity prices can be improved through corporate and/or strategic action; (ii) that our clients acquire sufficient shares of the securities of such portfolio companies at a sufficiently attractive price; (iii) a positive response by the management of portfolio companies to shareholder engagement; (iv) a positive response by other shareholders to shareholder activism and our proposals; and (v) a positive response by the markets to any actions taken by portfolio companies in response to shareholder activism. None of the foregoing can be assured to succeed.

Corporate governance strategies may prove ineffective for a variety of reasons, including: (i) opposition of the management or shareholders of the subject company, which may result in litigation and may erode, rather than increase, shareholder value; (ii) intervention of one or more governmental agencies; (iii) efforts by the subject company to pursue a "defensive" strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) market conditions resulting in material changes in securities prices; (v) the presence of corporate governance mechanisms such as staggered boards, poison pills and classes of stock with increased voting rights; and (vi) the necessity for compliance with applicable securities laws. In addition, opponents of a proposed corporate governance change may seek to involve regulatory agencies in investigating the transaction or our clients and such regulatory agencies may independently investigate the participants in a transaction, including our clients, as to compliance with securities or other law. Furthermore, successful execution of a corporate governance strategy may depend on the active cooperation of shareholders and others with an interest in the subject company. Some shareholders may have interests which diverge significantly from those of our clients and some of those parties may be indifferent to the proposed changes. Moreover, securities that we believe are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the time frame the we anticipate, even if a corporate governance strategy is successfully implemented. Even if the prices for a portfolio company's securities have increased, no guarantee can be made that there will be sufficient liquidity in the markets to allow our clients to dispose of all or any of its securities therein or to realise any increase in the price of such securities.

Reduced Liquidity due to Inside Information

From time to time we or our affiliates, or members of a group of investors or managers with which we are acting, may work with the management team of a company in which our clients have invested or propose to invest in order to design an alternate strategic plan and assist them in its execution, and may secure the appointment of persons selected by us or other members of the group to the company's management team or board of directors. In the course of such activities, we may come into possession of material, non-public information concerning such company, and the possession of such information may limit our ability to cause our clients to buy or sell the securities issued by such company. Therefore, our clients may be required to refrain from buying or selling such securities at times when we might otherwise wish to cause our clients to buy or sell such securities.

Short Selling

A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to our clients of buying those securities to cover the short position. There can be no assurance that our clients will be able to maintain the ability to borrow securities sold short. In such cases, our clients can be "bought in" (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Short strategies can also be implemented synthetically through various instruments and be used with respect to indices or in the over-the-counter market and with respect to futures and other instruments. In some cases of synthetic short sales, there is no floating supply of an underlying instrument with which to cover or close out a short position and our clients may be entirely dependent on the willingness of over-the-counter market makers to quote prices at which the synthetic short position may be unwound. There can be no assurance that such market makers will be willing to make such quotes. Short strategies can also be implemented on a leveraged basis. Lastly, even though our clients secure a "good borrow" of the security sold short at the time of execution, the lending institution may recall the lent security at any time, thereby forcing our clients to purchase the security at the then-prevailing market price, which may be higher than the price at which such security was originally sold short by our clients.

Long-Term

The success of our clients' long-term investment strategy depends upon our ability to identify and purchase securities that are undervalued and hold such investments so as to maximise value on a long-term basis. In pursuing any long-term strategy, our clients may forego value in the short-term or temporary investments in order to be able to avail our clients of additional and/or longer-term opportunities in the future. Consequently, our clients may not capture maximum available value in the short-term, which may be disadvantageous, for example, for investors who redeem all or a portion of their investment before such long-term value may be realised by our clients.

Short-Term Market Considerations

Our trading decisions may be made on the basis of short-term market considerations, and the portfolio turnover rate could result in significant trading related expenses.

Leverage and Borrowing

Leverage for Investment Purposes

The use of leverage will allow our clients to make additional investments, thereby increasing their exposure to assets, such that their total assets may be greater than their capital. However, leverage will also magnify the volatility of changes in the value of our clients' portfolio. The effect of the use of leverage by our clients in a market that moves adversely to its investments could result in substantial losses to our clients, which would be greater than if our clients were not leveraged.

Leverage may take the form of, among other things, derivative instruments which are inherently leveraged and trading in products with embedded leverage such as options, short sales, swaps and forwards. In addition, our clients will have the authority to borrow money for cash management purposes and to meet redemptions that would otherwise result in the premature liquidation of its investments. The level of interest rates generally, and the rates at which our clients can borrow particularly will affect the operating results of our clients. The amount of borrowings and leverage which our clients may have outstanding at any time may be substantial in relation to its capital.

The instruments and borrowings utilised by our clients to leverage investments may be collateralised by our clients' portfolio. Accordingly, our clients may pledge their securities in order to borrow or otherwise obtain leverage for investment or other purposes. Should such pledged securities decline in value, our clients could be subject to a "margin call" pursuant to which our clients must either deposit additional funds or securities with the relevant counterparty or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. The banks and dealers that provide financing to our clients can apply essentially discretionary margin, haircut, financing and collateral valuation policies. Changes by banks and dealers in any of the foregoing may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous prices. There can be no assurance that our clients will be able to secure or maintain adequate financing.

Market Value Borrowings and Derivatives; Financing Arrangements; Availability of Credit

In general, the anticipated use of margin borrowings and other borrowings based on the market value of the portfolio and derivatives which require our clients to post margin add certain additional risks to our clients. For example, should the assets pledged to brokers to secure our clients' margin accounts decline in value, our clients could be subject to a "margin call", pursuant to which our clients must either deposit additional funds or assets with the broker or suffer mandatory liquidation of the pledged assets to compensate for the decline in value. In the event of a sudden drop in the value of our clients' portfolio, our clients might not be able to liquidate investments quickly enough to satisfy their margin requirements or may be required to close out positions at losses, which if our clients had continued to hold would have been profitable.

As a general matter, the banks and dealers that provide financing to our clients can apply essentially discretionary margin, "haircut" financing as well as security and collateral valuation policies. Changes by banks and dealers in such policies, or the imposition of other credit limitations or restrictions, whether due to market circumstances or government, regulatory or judicial action, may result in large margin calls, loss of financing, forced liquidations of positions at disadvantageous prices, termination of swap and repurchase agreements and cross-defaults to

agreements with other dealers. Any such adverse effects may be exacerbated in the event that such limitations or restrictions are imposed suddenly and/or by multiple market participants. The imposition of any such limitations or restrictions could compel our clients to liquidate all or part of their portfolio at disadvantageous prices, perhaps leading to a complete loss of our clients' equity.

Borrowing for Cash Management Purposes

Our clients have the authority to borrow for cash management purposes, such as to satisfy redemption requests. The rates at and terms on which our clients can borrow will affect the operating results of our clients.

Collateral

The instruments and borrowings utilised by our clients to leverage investments may be collateralised by all or a portion of our clients' portfolio. Accordingly, our clients may pledge their securities in order to borrow or otherwise obtain leverage for investment or other purposes. Should the securities pledged to brokers to secure our clients' margin accounts decline in value, our clients could be subject to a "margin call", pursuant to which our clients must either deposit additional funds or securities with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. The banks and dealers that provide financing to our clients can apply essentially discretionary margin, "haircut", financing and collateral valuation policies. Changes by counterparties in any of the foregoing may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous prices. Lenders that provide other types of asset-based or secured financing to our clients may have similar rights. There can be no assurance that our clients will be able to secure or maintain adequate financing.

Costs

Borrowings will be subject to interest, transaction and other costs, and other types of leverage also involve transaction and other costs. Any such costs may or may not be recovered by the return on our clients' portfolio.

Lending of Portfolio Securities

Our clients may lend securities on a collateralised and an uncollateralised basis from their portfolios to creditworthy securities firms and financial institutions. While a securities loan is outstanding, our clients will continue to receive the equivalent of the interest or dividends paid by the issuer on the securities, as well as interest on the investment of the collateral or a fee from the borrower. The risks in lending securities, as with other extensions of secured credit, if any, consist of possible delay in receiving additional collateral, if any, or in recovery of the securities or possible loss of rights in the collateral, if any, should the borrower fail financially.

Diversification and Concentration

We may select investments that are concentrated in a limited number or types of securities. In addition, our clients' portfolios may become significantly concentrated in securities related to a single or a limited number of issuers, industries, sectors, strategies, countries or geographic regions. This limited diversification may result in the concentration of risk, which, in turn, could expose our clients to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in such securities.

Lack of Control

Our clients may invest in debt instruments and equity securities of companies that it does not control, which our clients may acquire through market transactions or through purchases of securities directly from the issuer or other shareholders. Such securities will be subject to the risk that the issuer may make business, financial or management decisions with which our clients do not agree or that the majority stakeholders or the management of the issuer may take risks or otherwise act in a manner that does not serve our clients' interests. In addition, our clients may share control over certain investments with co-investors, which may make it more difficult for our clients to implement their investment approach or exit the investment when they otherwise would. The occurrence of any of the foregoing could have a material adverse effect on our clients and the investments therein.

Hedging Transactions

Our clients may utilise securities for risk management purposes in order to: (i) protect against possible changes in the market value of our clients' investment portfolios resulting from fluctuations in the markets and changes in interest rates; (ii) protect our clients' unrealised gains in the value of their investment portfolios; (iii) facilitate the sale of any securities; (iv) enhance or preserve returns, spreads or gains on any security in our clients' portfolios; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any of our clients' securities; (vii) protect against any increase in the price of any securities our clients anticipate purchasing at a later date; or (viii) act for any other reason that we deem appropriate. Our clients will not be required to hedge any particular risk in connection with a particular transaction or its portfolio generally. We may be unable to anticipate the occurrence of a particular risk and, therefore, may be unable to attempt to hedge against it. While our clients may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance for our clients than if they had not engaged in any such hedging transaction. Moreover, the portfolios will always be exposed to certain risks that cannot be hedged.

Discretion of the Investment Advisor; New Strategies and Techniques

While we will generally seek to employ the representative investment strategies and techniques discussed herein, we (subject to the policies and control of our clients' Board of Directors, if applicable) have considerable discretion in the types of securities our clients may trade and have the right to modify the investment strategies and techniques of our clients without the consent of the investors. New investment strategies and techniques may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings which could result in unsuccessful trades and, ultimately, losses to our clients. In addition, any new investment strategy or technique developed by our clients may be more speculative than earlier investment strategies and techniques and may involve material and as-yet- unanticipated risks that could increase the risk of an investment in our clients.

Stabilised Investments

We may effect transactions in investments the prices of which may be the subject of stabilisation. Stabilisation enables the market price of a security to be maintained artificially during the period when a new issue of securities is sold to the public. Stabilisation may affect not only the price of the new issue but also the price of other securities related to it.

Stabilisation may be permitted under the applicable rules in order to help counter the fact that, when a new issue comes on the market for the first time, the price can sometimes drop for a time before buyers are found. Stabilisation is typically being carried out by a “stabilisation manager” (typically, the firm chiefly responsible for bringing a new issue to the market). As long as the stabilising manager follows a strict set of rules, he is entitled to buy back securities that were previously sold to investors or allotted to institutions which have decided not to keep them. The effect of this may be to keep the price at a higher level than it would otherwise be during the period stabilisation.

Risks Relating to the Operations and Investment Activities of Our Clients

Competition; Availability of Investments

Certain markets in which our clients may invest are extremely competitive for attractive investment opportunities. As a result, there can be no assurance that we will be able to identify or successfully pursue attractive investment opportunities in such environments.

Volatility Risk

Our clients’ investment program may involve the purchase and sale of relatively volatile securities and/or investments in volatile markets. Fluctuations or prolonged changes in the volatility of such securities and/or markets can adversely affect the value of investments held by our clients.

Credit Ratings

In general, the credit rating assigned by a nationally recognised rating agency to a security represents such rating agency’s opinion of the safety of the principal and interest payments of the rated instrument based on available information. Such ratings are relative and subjective; they are not absolute standards of quality and do not evaluate the market value risk of such securities. Such ratings also do not reflect macroeconomic or systemic risk, including the risk of increased illiquidity in the credit markets. Further, credit ratings may change over time due to various factors, including changes in the creditworthiness of the issuer and/or changes in the rating agency’s analytics and processes. It is possible that a rating agency might not change its rating of a particular issue on a timely basis to reflect subsequent events and, as a result, outstanding ratings may not reflect the issuer’s current credit standing. Our clients may incur losses if it makes investments based on credit ratings that subsequently change in a way not favourable to our clients’ investment objective.

Co-Investments with Third Parties

Our clients may co-invest with third parties through joint ventures or other entities. Third-party involvement with an investment may negatively impact the returns of such investment if, for example, the third party co-venturer has financial difficulties, has economic or business interests or goals that are inconsistent with those of our clients or is in a position to take (or block) action in a manner contrary to our clients’ investment objective. In circumstances where such third parties involve a management group, such third parties may enter into compensation arrangements relating to such investments, including incentive compensation arrangements. Such compensation arrangements will reduce the returns to participants in the investments.

Significant Positions in Securities; Regulatory Requirements

In the event our clients acquire a significant stake in certain issuers of securities and such stake exceeds certain percentage or value limits, our clients may be subject to regulation and regulatory oversight that may impose notification and filing requirements or other administrative burdens on our clients and the Investment Advisor. Any such requirements may impose additional costs on our clients and may delay the acquisition or disposition of the securities or our clients' ability to respond in a timely manner to changes in the markets with respect to such securities.

In addition, "position limits" may be imposed by various regulators that may limit our clients' ability to effect desired trades. Position limits are the maximum amounts of gross, net long or net short positions that any one person or entity may own or control in a particular issuer's securities. 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. To the extent that our clients' position limits were aggregated with an affiliate's position limits, the effect on our clients and resulting restriction on their investment activities may be significant. If at any time positions managed by the Investment Advisor were to exceed applicable position limits, the Investment Advisor would be required to liquidate positions, which might include positions of our clients, to the extent necessary to come within those limits. Further, to avoid exceeding any position limits, our clients might have to forego or modify certain of their contemplated trades.

Exposure to Material Non-Public Information

From time to time, the Investment Advisor may receive material non-public information with respect to an issuer of publicly traded securities. In such circumstances, our clients may be prohibited, by law, policy or contract, for a period of time from (i) unwinding a position in such issuer, (ii) establishing an initial position or taking any greater position in such issuer, and (iii) pursuing other investment opportunities related to such issuer.

Currency Exchange Exposure

Our clients may invest in securities denominated in currencies other than the Euro. Our clients, however, typically values their securities in Euros. Our clients may or may not seek to hedge their non- Euro currency exposure by entering into currency hedging transactions. There can be no guarantee that securities suitable for hedging currency or market shifts will be available at the time when our clients wish to use them, or that hedging techniques employed by our clients will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all. To the extent unhedged, the value of our clients' positions denominated in currencies other than the Euro will fluctuate with Euro exchange rates as well as with the price changes of the investments in the various local markets and currencies.

Subscription Monies

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

Counterparty Risk

Our clients expect to establish relationships to obtain financing, derivative intermediation and prime brokerage services that permit our clients to trade in any variety of markets or asset classes over time. However, there can be no assurance that our clients will be able to establish or maintain such relationships. An inability to establish or maintain such relationships could limit our clients' trading activities, create losses, preclude our clients from engaging in certain transactions or prevent our clients from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships could have a significant impact on our clients' business due to their reliance on such counterparties.

Our clients may effect transactions in the "over-the-counter" or "OTC" derivatives markets. The stability and liquidity of OTC derivatives transactions depends in large part on the creditworthiness of the parties to the transactions. In the OTC markets, our clients enter into a contract directly with dealer counterparties which may expose our clients to the risk that a counterparty will not settle a transaction in accordance with its terms because of a solvency or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide). In addition, our clients may have a concentrated risk in a particular counterparty, which may mean that if such counterparty were to become insolvent or have a liquidity problem, losses would be greater than if our clients had entered into contracts with multiple counterparties. Certain OTC derivative contracts require that our clients post collateral.

If there is a default by a counterparty, our clients under most normal circumstances will have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in the net asset value of our clients being less than if our clients had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent and/or the subject of insolvency proceedings. In such case, the recovery of our clients' securities from such counterparty or the payment of claims therefor may be significantly delayed and our clients may recover substantially less than the full value of the securities entrusted to such counterparty. In addition, there are a number of proposed rules that, if they were to go into effect, may impact the laws that apply to insolvency proceeding and may impact whether our clients may terminate their agreement with an insolvent counterparty.

Collateral that our clients post to their counterparties that is not segregated with a third party custodian may not have the benefit of customer-protected "segregation" of such funds. In the event that a counterparty were to become insolvent, our clients may become subject to the risk that it may not receive the return of its collateral or that the collateral may take some time to return.

Counterparty Default

The stability and liquidity of over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transactions. It is expected that our clients will monitor on an ongoing basis the creditworthiness of firms with which it will enter into over-the-counter derivative transactions. If there is a default by the counterparty to such a transaction, our clients will under most normal circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or

costs which could result in the net asset value of our clients being less than if our clients had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent and/or the subject of insolvency proceedings. If one or more of our clients' counterparties were to become insolvent or the subject of insolvency proceedings, there exists the risk that the recovery of our clients' securities and other assets from such prime broker or broker-dealer will be delayed or be of a value less than the value of the securities or assets originally entrusted to such prime broker or broker-dealer. Investors should assume that the insolvency of any counterparty would result in a loss to our clients, which could be material.

Risks Relating to Market Conditions Generally

General Economic and Market Conditions

The success of our clients' activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of our clients' investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of the prices and the liquidity of our clients' investments. Volatility or illiquidity could impair our clients' profitability or result in losses. Our clients may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets.

Governmental Interventions

Extreme volatility and illiquidity in markets has in the past led to, and may in the future lead to, extensive governmental interventions in equity, credit and currency markets. Generally, such interventions are intended to reduce volatility and precipitous drops in value. In certain cases, governments have intervened on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, these interventions have typically been unclear in scope and application, resulting in uncertainty. It is impossible to predict when these restrictions will be imposed, what the interim or permanent restrictions will be and/or the effect of such restrictions on our clients' strategies.

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 our clients.

Emerging Market Investments

Our clients may invest in securities of companies located in emerging countries or issued by the governments of such countries. Investing in such securities involves certain considerations not usually associated with investing in securities of companies located in developed countries or issued by the government of such countries, including security and economic considerations, such as greater risks of expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains, other income or gross sale or disposition proceeds, limitations on the removal of funds, nationalisation and general social, political and economic instability; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; certain government policies that may restrict our clients' investment opportunities; and problems that may arise in connection with the clearance and settlement of trades. In addition, accounting and financial reporting standards that prevail in certain of such countries generally are not equivalent to standards in more developed countries and, consequently, less information is available to investors in companies located in these countries than is available to investors in companies located in more developed countries. There is also less regulation, generally, of the securities markets in emerging countries than there is in more developed countries. Placing securities with a custodian in an emerging country may also present considerable risks.

Brexit

On March 29, 2017, the United Kingdom triggered the procedures to withdraw from the European Union after the two year period settlement negotiation as prescribed in Article 50 of the Treaty of Lisbon. However, the Prime Minister of the United Kingdom has warned that the process could extend beyond the two year period. The ongoing withdrawal process could cause an extended period of uncertainty and market volatility, not just in the United Kingdom but throughout the European Union, the European Economic Area and globally. As an investment advisor authorised and regulated by the FCA, the Investment Advisor is currently subject to provisions of certain European directives and regulations (e.g., Markets in Financial Instruments Directive and the European Market Infrastructure Regulation) which have either been incorporated into the UK law or have direct effect in the UK. The longer term impact of the decision to leave the EU on the UK regulatory framework will depend, in part, on the relationship that the UK will seek to establish with the EU in the future. In particular, it is uncertain whether and how UK laws that incorporate EU directives may be modified in the future and whether UK firms (such as the Investment Advisor) will continue to have the benefit of certain rights to conduct cross border business within the EU. It is not possible to ascertain the precise impact the United Kingdom's departure from the EU may have on our clients or the Investment Advisor from an economic, financial or regulatory perspective but any such impact could have material consequences for the Investment Advisor and/or our clients.

MiFID II

The package of European Union market infrastructure reforms known as “**MiFID II**”, in effect from January 3, 2018, is expected to have a significant impact on the European capital markets. MiFID II increases regulation of trading platforms and firms providing investment services in the European Union.

Among its many market infrastructure reforms, MiFID II has brought in: (i) significant changes to pre- and post-trade transparency obligations applicable to financial instruments admitted to trading on EU trading venues (including a new transparency regime for non-equity financial instruments); (ii) an obligation to execute transactions in shares and derivatives on an EU regulated trading venue; and (iii) a new focus on regulation of algorithmic and high frequency trading. These reforms may lead to a reduction in liquidity in certain financial instruments, as some of the sources of liquidity exit European markets, and may result in significant increases in transaction costs.

Although the full impact of these reforms is difficult to assess at present, it is possible that the resulting changes in the available trading liquidity options and increases in transactional costs may have an adverse effect on the ability of the Investment Advisor to execute the investment program.

New rules requiring unbundling the costs of research and other services from dealing commissions and further restrictions on the Investment Advisor's ability to receive certain types of goods and services from brokers may also result in an increase in the investment-related expenditure of our clients.

Risks Relating to Specific Sectors and Types of Companies

Small- and Medium-Capitalization Companies

Investments in securities of small-capitalization companies involve higher risks in some respects than do investments in securities of larger "blue-chip" companies. For example, prices of securities of small-capitalization and even medium-capitalization companies are often more volatile than prices of securities of large-capitalization companies and may not be based on standard pricing models that are applicable to securities of large-capitalization companies. Furthermore, the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) may be higher than for larger, "blue-chip" companies. Finally, due to thin trading in the securities of some small-capitalization companies, an investment in those companies may be illiquid.

C. Risks Associated With Particular Types of Securities

We do not recommend a particular type of investment instrument to the Funds, but rather, we recommend and invest in multiple investment instruments. Given the broad discretion we have in managing the Funds, any one or more of the risks listed in the previous section may be incurred by our clients.

However, because it may be useful in understanding our investment program, set forth below is a non-exclusive list of certain risks related to securities and other instruments that may be utilized within the Master Fund's portfolio:

Convertible Securities

A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by the Master Fund is called for redemption, the Master Fund will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any

of these actions could have an adverse effect on our clients' ability to achieve their investment objective.

Currencies

A principal risk in trading currencies is the rapid fluctuation in the market prices of currency contracts. Prices of currency contracts traded by the Master Fund are affected generally by relative interest rates, which in turn are influenced by a wide variety of complex and difficult to predict factors such as money supply and demand, balance of payments, inflation levels, fiscal policy, and political and economic events. In addition, governments from time to time intervene, directly and by regulation, in these markets, with the specific effect, or intention, of influencing prices which may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

Debt Securities

Debt securities of all types of issuers may have speculative characteristics, regardless of whether they are rated. The issuers of such instruments (including sovereign issuers) may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal in accordance with the terms of the obligations.

The Master Fund may invest in bonds or other fixed income securities, including without limitation "higher yielding" (including non-investment grade) debt securities. Such securities are generally not exchange traded and, as a result, these financial instruments trade in the over-the-counter marketplace, which is less transparent and has wider bid/ask spreads than the exchange-traded marketplace. In addition, the Master Fund may invest in bonds of issuers that do not have publicly-traded equity securities, making it more difficult to hedge the risks associated with such investments. Also, the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments. High yield securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments. High yield securities are generally more volatile and may or may not be subordinated to certain other outstanding securities and obligations of the issuer, which may be secured by substantially all of the issuer's assets. High yield securities may also not be protected by financial covenants or limitations on additional indebtedness. The market values of certain of these lower-rated and unrated 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, and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities may be highly leveraged and may not have available to them more traditional methods of financing.

Sovereign Debt

Several factors may affect (i) the ability of a government, its agencies, instrumentalities or its central bank to make payments on the debt it has issued ("**Sovereign Debt**"), including securities that the Investment Advisor believes are likely to be included in restructurings of the external debt obligations of the issuer in question, (ii) the market value of such debt and (iii) the inclusion of Sovereign Debt in future restructurings, including such issuer's (x) balance of trade and access to international financing, (y) cost of servicing such obligations, which may be affected by changes in international interest rates, and (z) level of international currency reserves, which may affect the

amount of exchange available for external debt payments. Significant ongoing uncertainties and exposure to adverse conditions may undermine the issuer's ability to make timely payment of interest and principal, and issuers may default on their Sovereign Debt.

Stressed and Distressed Obligations

The Master Fund may invest in obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. These obligations are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate, recharacterise debt as equity or disenfranchise particular claims. Such companies' obligations may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. In addition, there is no minimum credit standard that is a prerequisite to the Master Fund's investments in any financial instrument, and a significant portion of the obligations in which the Master Fund invests may be less than investment grade. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that the value of the assets, if any, collateralising the Master Fund's investments will be sufficient or that prospects for a successful reorganization or similar action will become available. In any reorganization or liquidation proceeding relating to a company in which the Master Fund invests, the Master Fund may lose its entire investment, may be required to accept cash or securities with a value less than its original investment and/or may be required to accept payment over an extended period of time. Occasionally, the Master Fund may need to make a follow-up investment in an existing troubled position only in an attempt to protect the value of its initial investment. In addition, under certain circumstances, payments and distributions may be disgorged if any such payment is later determined to have been a fraudulent conveyance or a preferential payment.

In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Master Fund of the security in respect to which such distribution was made.

Derivative Instruments

Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, credit risk, legal risk and operations risk. The regulatory and tax environment for derivative instruments in which the Master Fund may participate is evolving, and changes in the regulation or taxation of such securities may have a material adverse effect on the Master Fund. In addition, the Master Fund may, in the future, take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available. Special risks may apply in the future that cannot be determined

at this time. The regulatory and tax environment for derivative instruments in which the Master Fund may participate is evolving, and changes in the regulation or taxation of such financial instruments may have a material adverse effect on the Master Fund.

Call Options

The Master Fund may incur risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (i.e., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the securities to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option.

Put Options

The Master Fund may incur risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (i.e., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

Index or Index Options

The value of an index or index option fluctuates with changes in the market values of the assets included in the index. Because the value of an index or index option depends upon movements in the level of the index rather than the price of a particular asset, whether the Master Fund will realize appreciation or depreciation from the purchase or writing of options on indices depends upon movements in the level of instrument prices in the assets generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular assets.

Index Futures

The price of index futures contracts may not correlate perfectly with the movement in the underlying index because of certain market distortions. First, all participants in the futures market are subject to margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, participants may close futures contracts through offsetting transactions that would distort the normal relationship between the index and futures markets. Second, from the point of view of speculators, the deposit requirements in the futures market are less onerous than margin requirements in the securities market. Therefore, increased participation by speculators in the futures market also may cause price distortions. Successful use of index futures contracts by the Master

Fund also is subject to the Investment Advisor's ability to correctly predict movements in the direction of the market.

Futures Contracts

The value of futures contracts depends upon the price of the Securities, such as commodities, underlying them. The prices of futures contracts are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, as well as national and international political and economic events and policies. In addition, investments in futures contracts are also subject to the risk of the failure of any of the exchanges on which the Master Fund's positions trade or of its clearing houses or counterparties. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Master Fund from promptly liquidating unfavorable positions and subject the Master Fund to substantial losses or prevent it from entering into desired trades. Also, low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. In extraordinary circumstances, a futures exchange or the CFTC could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

Forward Contracts

The Master Fund may enter into forward contracts and options thereon, including non-deliverable forwards, which are currently not traded through clearing houses, although this is expected to change. The principals who deal in the forward contract market are not required to continue to make markets in such contracts. There have been periods during which certain participants in forward markets have refused to quote prices for forward contracts or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. The imposition of credit controls or price risk limitations by governmental authorities may limit such forward trading to less than that which the Investment Advisor would otherwise recommend, to the possible detriment of the Master Fund. In its forward trading, the Master Fund will be subject to the risk of the failure of, or the inability or refusal to perform with respect to its forward contracts by, the principals with which the Master Fund trades. Master Fund assets on deposit with such principals will also generally not be protected by the same segregation requirements imposed on certain regulated brokers in respect of customer funds on deposit with them. The Investment Advisor may order trades for the Master Fund in such markets through agents. Accordingly, the insolvency or bankruptcy of such parties could also subject the Master Fund to the risk of loss.

Contracts for Differences

Contracts for differences ("CFDs") are privately negotiated contracts between two parties, buyer and seller, stipulating that the seller will pay to or receive from the buyer the difference between the nominal value of the underlying instrument at the opening of the contract and that instrument's value at the end of the contract. The underlying instrument may be a single security, stock basket or index.

A CFD can be set up to take either a short or long position on the underlying instrument. The buyer and seller are both required to post margin, which is adjusted daily. The buyer will also pay to the seller a financing rate on the notional amount of the capital employed by the seller less the margin deposit. A CFD is usually terminated at the buyer's initiative. As is the case with owning any financial instrument, there is the risk of loss associated with buying a CFD. There may be liquidity risk if the underlying instrument is illiquid because the liquidity of a CFD is based on the liquidity of the underlying instrument. A further risk is that adverse movements in the underlying security will require the buyer to post additional margin. CFDs also carry counterparty risk, *i.e.*, the risk that the counterparty to the CFD transaction may be unable or unwilling to make payments or to otherwise honor its financial obligations under the terms of the contract. If the counterparty were to do so, the value of the contract may be reduced. Entry into a CFD transaction may, in certain circumstances, require the payment of an initial margin and adverse market movements against the underlying stock may require the buyer to make additional margin payments. CFDs may be considered illiquid. To the extent that there is an imperfect correlation between the return on the Master Fund's obligation to its counterparty under the CFDs and the return on related assets in its portfolio, the CFD transaction may increase the Master Fund's financial risk.

Credit Default Swaps

Credit default swaps can be used to implement the Investment Advisor's view that a particular credit, or group of credits, will experience credit improvement or deterioration. In the case of expected credit improvement, the Master Fund may sell credit default protection in which it receives a premium to take on the risk. In such an instance, the obligation of the Master Fund to make payments upon the occurrence of a credit event creates leveraged exposure to the credit risk of the referenced entity. The Master Fund may also buy credit default protection with respect to a referenced entity if, in the Investment Advisor's judgment, there is a high likelihood of credit deterioration. In such instance, the Master Fund will pay a premium regardless of whether there is a credit event.

Swap Agreements Generally

The Master Fund may enter into swap agreements and options on swap agreements ("swaptions"). These agreements can be individually negotiated and structured to include exposure to a variety of different types of investments, asset classes or market factors. The Master Fund, for instance, may enter into total return swaps, correlation swaps, variance swaps, volatility swaps or other swap agreements with respect to interest rates, credit defaults, currencies, securities, indexes of securities and other assets or other measures of risk or return. Depending on their structure, swap agreements may increase or decrease the Master Fund's exposure to, for example, equity securities, long-term or short-term interest rates, foreign currency values, credit spreads or other factors. Swap agreements can take many different forms and are known by a variety of names. The Master Fund is not limited to any particular form of swap agreement.

Whether the Master Fund's use of swap agreements or swaptions will be successful will depend on the Investment Advisor's ability to select appropriate transactions for the Master Fund. Swap transactions may be highly illiquid and may increase or decrease the volatility of the Master Fund's portfolio. Moreover, the Master Fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. The Master Fund will also bear the risk of loss related to swap agreements, for example, for breaches of such agreements or the failure of the Master Fund to post or maintain required collateral. Many swap markets are relatively new and still developing. It is possible that developments in the swap markets, including potential government regulation, could adversely

affect the Master Fund's ability to terminate swap transactions or to realize the amounts to be received under such transactions.

Swap Agreements and Synthetic Assets

The Master Fund may acquire exposure to indices, debt securities, structured finance securities, loans and other types of assets synthetically through derivative products such as credit default swaps (including CDS and CDX contracts), total return swaps, credit linked notes, structured notes, trust certificates and other derivative instruments (each, a "**Synthetic Asset**").

A Synthetic Asset could take many forms, including a credit derivative transaction that references a structured finance security, debt security or loan, a credit derivative transaction that references a portfolio or index of corporate reference entities or a portfolio or index of reference obligations consisting of structured finance securities, total return swap transaction that references both income and any capital gains of an underlying asset, debt securities, bonds, or other financial instruments (each, a "**Reference Obligation**").

Exposure to such Reference Obligations through Synthetic Assets presents risks in addition to those resulting from direct purchases of the assets referenced. The Master Fund will have a contractual relationship only with the Synthetic Asset counterparty, and not with the issuer(s) (the "**Reference Entity**") of the Reference Obligations unless a credit event occurs with respect to any such Reference Obligation, physical settlement applies and the Synthetic Asset counterparty delivers the Reference Obligation to the Master Fund. Other than in the event of such delivery, the Master Fund generally will have no right directly to enforce compliance by the Reference Entity with the terms of any such Reference Obligation and the Master Fund will not have any rights of set-off against the Reference Entity. In addition, the Master Fund generally will not have any voting or other consensual rights of ownership with respect to the Reference Obligation. The Master Fund also will not directly benefit from any collateral supporting the Reference Obligation and will not have the benefit of the remedies that would normally be available to a holder of such Reference Obligation. The Master Fund will be subject to the credit risk of the Synthetic Asset counterparty, as well as that of the Reference Entity, as well as the documentation risk associated with these instruments.

In the event of the insolvency of the Synthetic Asset counterparty, the Master Fund will be treated as a general creditor of such counterparty, and will not have any claim of title with respect to the Reference Obligation. Consequently, the Master Fund will be subject to the credit risk of the Synthetic Asset counterparty, as well as that of the Reference Entity. As a result, concentrations of Synthetic Assets entered into with any one Synthetic Asset counterparty will subject such Synthetic Assets to an additional degree of risk with respect to defaults by such Synthetic Asset counterparty as well as by the respective Reference Entities.

While the Master Fund expects that returns on a Synthetic Asset may reflect those of each related Reference Obligation, as a result of the terms of the Synthetic Asset and the assumption of the credit risk of the Synthetic Asset counterparty, a Synthetic Asset may have a different expected return, a different (and potentially greater) probability of default and different expected loss and recovery characteristics following a default.

Repurchase or Reverse Repurchase Transactions, Buy-Sell Back or Sell-Buy Back Transactions

The Master Fund may enter into repurchase and reverse repurchase transactions or buy-sell back or sell-buy back transactions. When the Master Fund enters into a repurchase agreement or a sell-buy back transaction, it effectively “sells” the securities or commodities to a counterparty (such as a financial institution), and agrees to repurchase such securities or commodities on a mutually agreed date for the price paid by the counterparty, plus interest at a negotiated rate. In a reverse repurchase or a buy-sell back transaction, the Master Fund “buys” securities from a counterparty, subject to the obligation of the counterparty to repurchase such securities at the price paid by the Master Fund, plus interest at a negotiated rate. Repurchase, reverse repurchase and sell-buy back or buy-sell back transactions by the Master Fund involve certain risks. For example, if the seller of securities to the Master Fund under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the Master Fund will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, the Master Fund’s ability to dispose of the underlying securities may be restricted. It is possible, in a bankruptcy or liquidation scenario, that the Master Fund may not be able to substantiate its interest in the underlying securities. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, the Master Fund may suffer a loss to the extent that it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller. Similar elements of risk arise in the event of the bankruptcy or insolvency of the buyer.

Equity Securities Generally

The value of equity securities of public and private, listed and unlisted companies and equity derivatives generally varies with the performance of the issuer and movements in the equity markets. As a result, the Master Fund may suffer losses if it invests in equity instruments of issuers whose performance diverges from the Investment Advisor’s expectations or if equity markets generally move in a single direction and the Master Fund has not hedged against such a general move. The Master Fund also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

Exchange-Traded Funds

Exchange-Traded Funds (“**ETFs**”) are publicly traded unit investment trusts, open-end funds or depository receipts that seek to track the performance and dividend yield of specific indexes or companies in related industries. These indexes may be either broad-based, sector, or international. However, ETF shareholders are generally subject to the same risk as holders of the underlying securities they are designed to track. ETFs are also subject to certain additional risks, including, without limitation, the risk that their prices may not correlate perfectly with changes in the prices of the underlying securities they are designed to track, and the risk of trading in an ETF halting due to market conditions or other reasons, based on the policies of the exchange upon which the ETF trades. Generally, each shareholder of an ETF bears a *pro rata* portion of the ETF’s expenses, including management fees. Accordingly, in addition to bearing their proportionate share of the Master Fund’s expenses (e.g., Investment Management Fees and operating expenses), Limited Partners may also indirectly bear similar expenses of an ETF.

Illiquid Securities

Certain securities may be illiquid because, for example, they are subject to legal or other restrictions on transfer or there is no liquid market for such securities. Valuation of such securities may be difficult or uncertain because there may be limited information available about the issuers of such securities. The market prices, if any, for such securities tend to be volatile and may not be readily ascertainable, and the Master Fund may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. The Master Fund may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. As a result, the Master Fund may be required to hold such securities despite adverse price movements. Even those markets which the Investment Advisor expects to be liquid can experience periods, possibly extended periods, of illiquidity. Occasions have arisen in the past where previously liquid investments have rapidly become illiquid.

Initial Public Offerings

Investments in initial public offerings (or shortly thereafter) may involve higher risks than investments issued in secondary public offerings or purchases on a secondary market due to a variety of factors, including, without limitation, the limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the issuer and limited operating history of the issuer. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them. These factors may contribute to substantial price volatility for such securities and, thus, for the value of the Fund's Interests.

Preferred Stock

Investments in preferred stock involve risks related to priority in the event of bankruptcy, insolvency or liquidation of the issuing company and how dividends are declared. Preferred stock ranks junior to debt securities in an issuer's capital structure and, accordingly, is subordinate to all debt in bankruptcy. Preferred stock generally has a preference as to dividends. Such dividends are generally paid in cash (or additional shares of preferred stock) at a defined rate, but unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Dividends on preferred stock may be cumulative, meaning that, in the event the issuer fails to make one or more dividend payments on the preferred stock, no dividends may be paid on the issuer's common stock until all unpaid preferred stock dividends have been paid. Preferred stock may also be subject to optional or mandatory redemption provisions.

Structured Notes

Structured notes, variable rate mortgage-backed and asset-backed securities each have rates of interest that vary based on a designated floating rate formula or index. The value of these investments is closely tied to the absolute levels of such rates or indices, or the market's

perception of anticipated changes in those rates or indices. The movements in specific indices or interest rates may be difficult or impossible to hedge.

Undervalued Securities

The identification of investment opportunities in undervalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Master Fund's investments may not adequately compensate for the business and financial risks assumed.

Unlisted Securities

Unlisted securities may involve higher risks than listed securities. Because of the absence of any trading market for unlisted securities, it may take longer to liquidate, or it may not be possible to liquidate, positions in unlisted securities than would be the case for publicly traded securities. Companies whose securities are not publicly traded may not be subject to public disclosure and other investor protection requirements applicable to publicly traded securities.

ITEM 9
DISCIPLINARY INFORMATION

Neither the Investment Advisor nor any of its associated persons have had a legal or disciplinary event that is material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

ITEM 10
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Broker-Dealer Registration Status

The Investment Advisor and its management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

B. Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Advisor Registration Status

The Investment Advisor and its management persons are not registered as, and do not have any application to register as, futures commission merchants, commodity pool operators, commodity trading advisors or associated persons of the foregoing entities.

C. Material Relationships or Arrangements with Industry Participants

We have not provided information on other financial industry activities and affiliations because we do not have any relationship or arrangement that is material to our advisory business or to our clients with any of the types of entities listed below.

- broker-dealer, municipal securities dealer, or government securities dealer or broker
- investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
- other investment adviser or financial planner
- futures commission merchant, commodity pool operator, or commodity trading adviser
- banking or thrift institution
- accountant or accounting firm
- lawyer or law firm
- insurance company or agency
- pension consultant
- real estate broker or dealer
- sponsor or syndicator of limited partnerships.

D. Material Conflicts of Interest Relating to Other Investment Advisors

We do not recommend or select other investment advisers for our clients.

ITEM 11

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. Code of Ethics

We strive to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, we have adopted a Code of Ethics (the “**Code**”). The Code incorporates the following general principles that all employees are expected to uphold:

- employees must at all times place the interests of clients first;
- all personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest or any abuse of an employee’s position of trust and responsibility must be avoided;
- employees must not take any inappropriate advantage of their positions;
- information concerning the identity of securities and financial circumstances of our clients, including the Funds’ investors, must be kept confidential; and
- independence in the investment decision-making process must be maintained at all times.

Clients may request a copy of the Code by contacting us at the address or telephone number listed on the first page of this document.

B. Securities that the Investment Advisor or a Related Person Has a Material Financial Interest

1. *Cross Trades*

The Investment Advisor may determine that it would be in the best interests of certain clients to transfer a security from one client to another (each such transfer, a “Cross Trade”) for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the Accounts, or to reduce transaction costs that may arise in an open market transaction. If the Investment Advisor decides to engage in a Cross Trade, the Investment Advisor will determine that the trade is in the best interests of both of the clients involved and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those clients. The Investment Advisor generally intends to execute Cross Trades, if at all, with the assistance of a broker-dealer that executes and books the transaction at the close of the market on the day of the transaction. Alternatively, a cross transaction between two fund clients may occur as an “internal cross”, where the Investment Advisor instructs the custodian for the clients to book the transaction at the price determined in accordance with the Investment Advisor’s valuation policy. If the Investment Advisor effects an internal cross, the Investment Advisor will not receive any fee in connection with the completion of the transaction.

2. *Principal Transactions*

To the extent that Cross Trades may be viewed as principal transactions due to the ownership interest in a client by the Investment Advisor or its personnel, the Investment Advisor will comply with the requirements of Section 206(3) of the Advisers Act, including that any such transactions will be considered on behalf of investors in such a client and approved or disapproved by (i) an advisory board comprised of representatives of such investors or (ii) a committee consisting of

one or more persons selected by the Investment Advisor (or its affiliate), and any valuation approved by such a committee will be determined by an independent third party that has appropriate experience in providing such valuations.

C. Investing in Securities that the Investment Advisor or a Related Person Recommends to Clients

The Code places restrictions on personal trades by employees, including that they disclose their personal securities holdings and transactions to the Investment Advisor on a periodic basis, and requires that employees pre-clear certain types of personal securities transactions. Generally, and subject to certain exceptions, the Investment Advisor's employees may not engage in personal securities trading and may only dispose of securities held in their respective personal trading accounts. Any such disposition of securities must be pre-cleared. However, related persons may purchase and sell mutual funds and broad-based exchange-traded funds ("ETFs"). Some clients may invest in the same or similar mutual funds and ETFs.

The Investment Advisor, its affiliates and its employees may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for clients. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more clients.

The Investment Advisor has established policies and procedures to monitor and resolve conflicts with respect to investment opportunities in a manner it deems fair and equitable, including the restrictions placed on personal trading in the Code, as described above, and regular monitoring of employee transactions and trading patterns for actual or perceived conflicts of interest, including those conflicts that may arise as a result of personal trades in the same or similar securities made at or about the same time as client trades.

D. Conflicts of Interest Created by Contemporaneous Trading

The Investment Advisor currently manages investments on behalf of a single master-feeder structure. As a result, we and our affiliates do not face certain conflicts of interest that may arise when an investment adviser manages investments on behalf of a number of clients.

If in the future the Investment Advisor provides services to other clients, it will be the policy of the Investment Advisor to allocate investment opportunities to the Master Fund and to any other clients on a fair and equitable basis, to the extent practical and in accordance with the Master Fund's or other clients' applicable investment strategies, over a period of time. Investment opportunities will generally be allocated among those clients for which participation in the respective opportunity is considered appropriate, taking into account, among other considerations: (i) whether the risk-return profile of the proposed investment is consistent with an client's objectives; (ii) the potential for the proposed investment to create an imbalance in an client's portfolio; (iii) the liquidity requirements of an client; (iv) potentially adverse tax consequences; (v) regulatory restrictions that would or could limit an client's ability to participate in a proposed investment; and (vi) the need to re-size risk in an client's portfolio.

The Investment Advisor will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to, the Master Fund or other clients solely because the Investment Advisor purchases or sells the same security for, enters into a transaction on behalf of, or provides an opportunity to, another client or the Master Fund if, in its

reasonable opinion, such security, transaction or investment opportunity does not appear to be suitable, practicable or desirable for the Master Fund or the other client.

In particular, when the Master Fund is ramping up its investment or trading strategies, it may receive larger allocations of certain securities than the other clients in order to obtain its desired risk and portfolio size. Conversely, when other clients ramp up their investment and trading strategies, the Master Fund may receive reduced or no allocations of certain securities.

The Investment Advisor may, from time to time, offer one or more investors in the Funds or other clients and/or other third party investors the opportunity to co-invest with the Master Fund in particular investments. The Investment Advisor is not obligated to arrange co-investment opportunities, and no investor will be obligated to participate in such an opportunity. The Investment Advisor has sole discretion as to the amount (if any) of a co-investment opportunity that will be allocated to a particular investor and may allocate co-investment opportunities instead to third parties. If the Investment Advisor determines that an investment opportunity is too large for the Master Fund and the other clients, the Investment Advisor may, but will not be obligated to, make proprietary investments therein. The Investment Advisor may receive fees and/or allocations from co-investors, which may differ as among co-investors and also may differ from the fees and/or allocations borne by the Master Fund.

ITEM 12

BROKERAGE PRACTICES

A. Factors Considered in Selecting Broker-Dealers

We have complete discretion in deciding which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid.

Portfolio transactions for our clients will be allocated to brokers and dealers on the basis of numerous factors and not necessarily lowest pricing. The Investment Advisor has adopted an order execution policy and arrangements with a view to obtaining the best possible result for its clients taking into consideration the relevant “execution factors”, including price, costs, speed, likelihood of execution and settlement, size, nature or other considerations relevant to the execution of a particular transaction. Brokers and dealers may provide other services that are beneficial to the Investment Advisor and/or certain clients, but not beneficial to all clients. Subject to its best execution obligations, in selecting brokers and dealers (including prime brokers) to execute transactions, provide financing and securities on loan, hold cash and short balances and provide other services, the Investment Advisor may consider, among other factors that are deemed appropriate under the circumstances, the following: the ability of the brokers and dealers to effect the transaction; the brokers’ or dealers’ facilities, reliability and financial responsibility; the provision by the brokers of capital introduction, talent introduction, marketing assistance, consulting with respect to technology, operations, equipment and commitment of capital and access to company management and access to deal flow.

The prices and commission rates (or dealer markups and markdowns arising in connection with riskless principal transactions) charged to our clients by brokers or dealers in the foregoing circumstances may be higher than those charged by other brokers or dealers that may not offer such services. The Investment Advisor need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread.

The Investment Advisor maintains policies and procedures to review the quality of executions, including periodic reviews by its investment professionals.

Payments for Research

The Investment Advisor may utilise investment research services offered by Prime Brokers, executing brokers and independent service providers in executing the investment program of our clients. These research services may include published research notes or reports, other material or services suggesting or recommending an investment strategy or trade ideas (including in the form of software tools, programs or other technology), macroeconomic analysis, and access to research analysts or industry experts (including expert networks). The Investment Advisor considers that access to research services and materials is integral to its ability to execute the investment program and that such services and materials will inform, and add value to, the Investment Advisor’s investment decisions made on behalf of our clients.

The Investment Advisor may open and maintain one or more Research Payment Accounts to facilitate the payment for Investment Research. The Research Payment Account will be funded by a direct charge to a client based on an Investment Research budget set by the Investment Advisor. The Investment Advisor has adopted internal arrangements (“**Research Policy**”), including a methodology for valuing Investment Research, such as criteria used to assess its

quality and usefulness in the investment process. The Investment Advisor's policy is to calculate Investment Research budgets for each investment strategy employed by the Investment Advisor on behalf of one or more clients, including the Master Fund. The budgets are formulated based on factors such as the anticipated level of Investment Research usage, range and complexity of Investment Research products and services required in the investment process, asset classes, and emphasis on particular sectors or geographies. The costs of Investment Research are allocated between our clients based on the fair allocation methodology specified in the Research Policy.

To the extent applicable, the General Partner and the Investment Advisor will also seek to operate within the safe harbor provided by Section 28(e) of the US Securities Exchange Act of 1934, as amended.

Capital Introduction

From time to time, brokers (including the Prime Broker) may assist the Funds in raising additional funds from investors. Additionally, brokers may provide capital introduction and marketing assistance services, and representatives of the Investment Advisor may speak at conferences and programs sponsored by the brokers, for investors interested in investing in private investment funds. Through such events, prospective investors in the Fund may encounter representatives of the General Partner. Brokers may also provide other services, including, without limitation, consulting services relating to technology and office space. Although neither the Investment Advisor nor our clients compensate brokers for such assistance, events or services, or for any investments ultimately made by prospective investors attending such events, such activities may influence us in deciding whether to use such broker in connection with brokerage, financing and other activities of our clients. Subject to its obligation to seek best execution, we may consider referrals of investors to the Funds in determining its selection of brokers. However, we will not commit to an investor or a broker to allocate a particular amount of brokerage in any such situation.

B. Order Aggregation

If the Investment Advisor determines that the purchase or sale of a security is appropriate with regard to multiple clients, the Investment Advisor may, but is not obligated to, purchase or sell such a security on behalf of such clients with an aggregated order, for the purpose of reducing transaction costs, to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating client will receive the average price, with transaction costs generally allocated pro rata based on the size of each client's participation in the order (or allocation in the event of a partial fill) as determined by the Investment Advisor. In the event of a partial fill, allocations may be modified on a basis that the Investment Advisor deems to be appropriate, including, for example, in order to avoid odd lots or de minimis allocations. When orders are not aggregated, trades generally will be processed in the order that they are placed with the broker or counterparty selected by the Investment Advisor. As a result, certain trades in the same security for one client (including a client in which the Investment Advisor and its personnel may have a direct or indirect interest) may receive more or less favorable prices or terms than another client, and orders placed later may not be filled entirely or at all, based upon the prevailing market prices at the time of the order or trade. In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved.

ITEM 13

REVIEW OF ACCOUNTS

A. Frequency and Nature of Review of Client Accounts or Financial Plans

We perform various daily, weekly, monthly, quarterly and periodic reviews of each client's portfolio. Such reviews are conducted by the members of the Investment Advisor's Investment Committee, portfolio managers and research associates.

B. Factors Prompting Review of Client Accounts Other than a Periodic Review

A review of a client account may be triggered by any unusual activity or special circumstances.

C. Content and Frequency of Account Reports to Clients

We generally provide annual audited financial statements to our clients within 120 days of the applicable client's fiscal year end.

Within 120 days after the last day of each Fiscal Year or as soon as reasonably practicable thereafter, the Funds will send to each investor the audited financial statements of the relevant Fund. The Funds will also provide periodic unaudited performance information, no less frequently than quarterly, to the investors. In addition, NAV statements prepared by a third party administrator are provided to investors on a monthly basis.

The Fund and the Master Fund will prepare their financial statements in accordance with IFRS.

The fiscal year of each of the Funds (the "**Fiscal Year**") ends on 31 December of each year, or such other date as the General Partner, the Offshore Fund's Board of Directors or the Master Fund's Board of Directors, as applicable, may determine in its sole discretion.

ITEM 14
CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefits for Providing Services to Clients

We do not receive economic benefits from non-clients for providing investment advice and other advisory services.

B. Compensation to Non-Supervised Persons for Client Referrals

Neither we nor any of our related persons directly or indirectly compensates any person who is not a supervised person, including placement agents, for client referrals.

ITEM 15

CUSTODY

The Investment Advisor 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. Account statements related to the clients are sent by qualified custodians to the Investment Advisor.

The Investment Advisor 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 Fund because it complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception", which, among other things, requires that each Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

ITEM 16
INVESTMENT DISCRETION

We serve as the management company with discretionary trading authority to each Fund. Our investment decisions and advice with respect to each Fund are subject to each Fund's investment objectives and guidelines, as set forth in its offering documents. The Investment Advisor or an affiliate of the Investment Advisor entered into an investment management agreement, or similar agreement, with each Fund, pursuant to which the Investment Advisor or an affiliate of the Investment Advisor was granted discretionary trading authority.

ITEM 17

VOTING CLIENT SECURITIES

A. Policies and Procedures Relating to Voting Client Securities

In compliance with Advisers Act Rule 206(4)-6, the Investment Advisor has adopted proxy voting policies and procedures. The general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, “Proxies”) in a prudent and diligent manner that will serve the applicable client’s best interests and is in line with each client’s investment objectives.

We may take into account all relevant factors, as determined at our discretion, including, without limitation:

- the impact on the value of the securities or instruments owned by the relevant client and the returns on those securities;
- the anticipated associated costs and benefits;
- the continued or increased availability of portfolio information; and
- industry and business practices.

In limited circumstances, the Investment Advisor may refrain from voting Proxies where we believe that voting would be inappropriate, taking into consideration the cost of voting the Proxies and the anticipated benefit to its clients. Generally, clients may not direct our vote in a particular solicitation.

Conflicts of interest may arise between the interests of the clients on the one hand and us or our affiliates on the other hand. If we determine that we may have, or be perceived to have, a conflict of interest when voting Proxies, we will vote in accordance with our Proxy voting policies and procedures. Clients may obtain a copy of our Proxy voting policies and our Proxy voting record upon request.

ITEM 18
FINANCIAL INFORMATION

The Investment Advisor is not required to provide its financial information to our clients because we do not:

- Require the prepayment of more than \$1,200 in fees six or more months in advance,
- Take custody of client funds or securities, or
- Have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

ITEM 19
REQUIREMENTS FOR STATE-REGISTERED ADVISORS

Not applicable.