

AKAZ Investment Partners LP

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This “**Brochure**” provides information about the qualifications and business practices of AKAZ Investment Partners LP (“**AKAZ**”, “**Investment Manager**”, “**Firm**” or “**We**”). If you have any questions about the contents of this Brochure, please contact Russell Shostack, AKAZ’s Chief Compliance Officer (“**CCO**”), by email at rshostack@akazpartners.com or by phone at (305) 351-1029. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

Registration as an investment adviser does not imply that AKAZ Investment Partners, LP or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

This Brochure also relates to AKAZ Onshore Fund GP Ltd. (the “**Fund General Partner**”) and AKAZ Investment Partners CM LP (the “**Relying Adviser**”); however, to the extent the qualifications and business practices of the Fund General Partner or the Relying Adviser are substantially similar to those of AKAZ, no specific mention of the Fund General Partner or the Relying Adviser is made herein.

Additional information about AKAZ is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2: Material Changes

This Brochure is the Firm's annual update filed with the SEC. There have been no material changes since the Firm's last filing.

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Item 4: Advisory Business

AKAZ, founded in March 2018, is an investment advisory firm providing investment management services to privately-offered pooled investment vehicles, including AKAZ Master Fund Ltd (the “**Master Fund**”), AKAZ Onshore Fund LP (the “**Onshore Feeder**”) and AKAZ Offshore Fund Ltd (the “**Offshore Feeder**”), collectively the “**Funds**”.

AKAZ is controlled by its principal owners, Ahsim Raza Khan and Adam Fishman Zimble (the “**Principal Owners**”), who are limited partners of AKAZ and collectively, wholly own and control, directly and indirectly, AKAZ Investment Partners GP LLC, which serves as AKAZ’s general partner (the “**Investment Adviser General Partner**”). The Investment Adviser General Partner has ultimate responsibility for AKAZ’s management, operations and investment decisions.

AKAZ’s registration on Form ADV also covers AKAZ Onshore Fund GP Ltd. (the “**Fund General Partner**”), a Cayman Islands exempted limited company. The Fund General Partner is an affiliate of AKAZ and serves as the general partner of the Onshore Feeder and is the special shareholder of the Master Fund. The Fund General Partner’s facilities and personnel are provided by AKAZ.

AKAZ’s registration on Form ADV also covers AKAZ Investment Partners CM LP (the “**Relying Adviser**”), a Cayman Islands exempted limited partnership. The Relying Adviser is an affiliate of AKAZ and it serves as the manager of the Funds. The Relying Adviser’s facilities and personnel are provided by AKAZ. Additional information pertaining to the Relying Adviser is contained in Schedule R of Part 1A.

*This Brochure does not constitute an offer to sell or a solicitation of an offer to buy any securities. The Funds’ securities 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 and investors in the Funds, including requirements that they be “accredited investors” as defined in Securities Act and “qualified purchasers” as defined in the Investment Company Act of 1940. 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.*

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 respective offering documents.

The descriptions set forth in this Brochure of specific advisory services that we offer to our clients, 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.

AKAZ does not currently participate in any Wrap Fee Programs.

As of December 31, 2018, AKAZ has approximately \$733,788,392 regulatory assets under management, all on a discretionary basis.

Item 5: Fees and Compensation

Management Fee

The Onshore Feeder and the Offshore Feeder will pay to the Relying Adviser a fee for its services (the “**Management Fee**”) for each month equal to one twelfth of the result of the applicable Management Fee Rate multiplied by the balance of each investor’s capital account or share class (as applicable for investors in the Onshore Feeder and Offshore Feeder, respectively) as of the beginning of each month (before taking into account the estimated accrued Incentive Allocation (as defined below), if any. The applicable Management Fee Rate is 1.5% per annum. The Funds will calculate and pay the Management Fee monthly in advance.

Incentive Allocation

Generally, at the end of each fiscal year, the Fund General Partner is entitled to receive an incentive allocation (the “**Incentive Allocation**”) equal to the result of the applicable Incentive Allocation Rate multiplied by the net realized and unrealized appreciation of the net asset value of each series of the Master Fund’s shares, which correlates to series of shares and capital accounts held by investors in the Offshore Feeder and Onshore Feeder, respectively, after such net asset value is adjusted for any redemption of the Master Fund’s shares in the series and for any accruals of the Incentive Allocation for the relevant fiscal year (the “**Adjusted NAV**”); provided, however, that an Incentive Allocation will be made only with respect to the excess of the Adjusted NAV of a series of the Master Fund’s shares over its Prior High NAV. The applicable Incentive Allocation Rate is 20%.

The Relying Adviser may waive or modify the Management Fee for any Client or Fund investor, in our sole discretion. The Fund General Partner may waive or modify the Incentive Allocation for any Client or Fund Investor, in its sole discretion.

Payment of Fees

Fees and compensation paid to AKAZ or its affiliates by the Funds are generally deducted from the assets of such clients. As discussed above, the Management Fee’s are generally deducted on a monthly basis and the Incentive Allocation is generally deducted on an annual basis.

Expenses

The Funds will bear their own expenses and, in the case of the Onshore Feeder and the Offshore Feeder, each such Fund’s pro rata share of the Master Fund’s expenses and any trading vehicle’s expenses, including the Management Fee; investment expenses (e.g., expenses that, in AKAZ’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 depository 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 AKAZ); professional fees (including expenses of consultants, attorneys, accountants and other experts) relating to investments; fees and expenses relating to

software tools, programs or other technology utilized in managing the Funds (including third-party software licensing, implementation, data management and recovery services, custom development costs, risk management systems and fees and expenses of third-party risk management products, models and services); research and market data; administrative expenses (including fees and expenses of the Funds' Administrator and other similar service providers); legal expenses; external accounting and valuation expenses (including the cost of accounting software packages); audit and tax preparation expenses; insurance expenses, including cybersecurity insurance, costs related to errors and omissions insurance for AKAZ, the Relying Adviser, the Fund General Partner and their affiliates, and costs relating to directors' and officers' liability insurance; fees of applicable Fund directors and the Master Fund's and any trading vehicle's directors; costs of printing and mailing reports and notices; taxes; regulatory expenses (including filing fees); organizational expenses; expenses incurred in connection with the offering and sale of Fund interests and other similar expenses related to the Funds; indemnification expenses; extraordinary expenses; and fees and expenses incurred in connection with the reorganization, dissolution, winding-up or termination of the Funds or any trading vehicle.

Any expenses of the Funds and any other feeder fund(s) to the Master Fund (including organizational expenses of the Master Fund and such other feeder fund(s), but excluding the Management Fee, and Investor-Related Tax (if any) of the Funds and any equivalent fees or taxes payable by any other feeder fund(s)), may be paid by the Master Fund and allocated to its feeder fund(s) pro rata based upon their relative ownership of the Master Fund.

Certain expenses set forth herein are subject to an expense cap, as further detailed in the applicable Funds' offering documents.

Prepayment of Fees

The Management Fee (as defined above) is paid in advance on a monthly basis.

Additional Compensation and Conflicts of Interest

Neither AKAZ 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

The Fund General Partner is entitled to receive performance-based compensation (i.e. Incentive Allocation).

Performance-based compensation arrangements may create an incentive for AKAZ to recommend investments which may be riskier or more speculative than those which we would recommend under a different arrangement.

The Fund General Partner accepts performance-based compensation from every client. As a result, AKAZ and its 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

AKAZ's clients are the Funds.

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

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 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.

Investment Objective and Program

The Investment Manager's principal investment objective is to maximize risk-adjusted returns in all market environments.

The Investment Manager seeks to execute this objective through both long and short positions, primarily, but not exclusively, in equity and credit indices, currencies, commodities, and options thereon. The Master Fund is not required to invest any specific portion of its assets in any given region, instrument, or asset class, but expects investment activity to be highly concentrated within G10 economies.

The Investment Manager employs macroeconomic analysis, further informed by investor positioning and sentiment, with the aim to develop views on the directions and outcome sets for global asset prices. The Investment Manager then seeks to identify which of its views are most mispriced by the market, as seen through the prevailing spot price of the asset in question and/or the prevailing price (implied volatility) of options or other derivatives on that asset. Once an opportunity is identified, the Investment Manager then looks to create trade structures, often involving vanilla or exotic options strategies, that maximize the asymmetry of the risk-reward of the position within the context of the perceived catalyst path.

The Investment Manager may also formulate and implement new approaches to carry out the investment objective of the Master Fund. The Master Fund has broad and flexible investment authority. Accordingly, the Master Fund's investments may at any time include long or short positions in U.S. or non-U.S. listed equities; equity-linked securities, such as equity indices and exchange-traded funds; equity index futures; commodity futures; commodity swaps and options; corporate fixed income securities; deliverable and non-deliverable foreign exchange forward contracts; deliverable and non-deliverable interest rate swap contracts; government bonds and futures; credit default swap contracts; listed, unlisted and over-the-counter options and warrants; and any other financial instruments that exist now or are hereinafter created (within Item 8, all such items being called herein "**Securities**").

AKAZ's investment program is speculative and entails potential substantial financial risks. AKAZ will focus on managing risk through the quality of its investment process and monitoring of investments. AKAZ as a Firm does not bring on unnecessary risk without complete analysis and assessment of each potential investment.

Risk of Loss Factors

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 AKAZ believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by us.

An investment involves significant risks and is suitable only for those qualified persons who can bear the economic risk of the loss of their entire investment. There can be no assurances that AKAZ will achieve its investment objectives. An investment carries with it the inherent risks associated with investments in publicly-traded stocks and bonds, options, and related instruments.

The following risk factors have been prepared with AKAZ's current clients in mind – these disclosures currently pertain to the investment strategies pursued on behalf of the Master Fund (into which the Onshore Feeder and the Offshore Feeder invest). To the extent that the risk factors below refer to decisions undertaken by the Master Fund, such decisions in all instances are undertaken by AKAZ and its affiliates.

Diversification and Concentration

The Investment Manager may select investments that are concentrated in a limited number or types of securities. In addition, the Master Fund's portfolio 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 the Master Fund to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in such Securities.

Risk of Loss

No guarantee or representation is made that the Master Fund's investment program, including the Master Fund's investment objective, 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.

The success of the Master Fund's investment strategy depends upon the Investment Manager's ability to identify the investment opportunities in the implementation of the Master Fund's investment strategy. Such successful identification is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. In the event that the perceived opportunities underlying the Master Fund's positions were to fail to converge toward or were to diverge further from values expected by the Investment Manager, the Master Fund may incur a loss. In the event of market disruptions, significant losses can be incurred which may force the Master Fund to close out one or more positions. Furthermore, the valuation models used to determine whether a position presents an attractive opportunity consistent with the Investment Manager's investment strategy may become outdated and inaccurate as market conditions change.

Leverage for Investment Purposes

The use of leverage will allow the Master Fund to make additional investments, thereby increasing its exposure to assets, such that its total assets may be greater than its capital. However, leverage will also magnify the volatility of changes in the value of the Master Fund's portfolio. The effect of the use of leverage by the Master Fund in a market that moves adversely to its investments could result in substantial losses to the Master Fund, which would be greater than if the Master Fund 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, the Master Fund 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 the Master Fund can borrow particularly will affect the operating results of the Master Fund. The amount of borrowings and leverage which the Master Fund may have outstanding at any time may be substantial in relation to its capital.

The instruments and borrowings utilized by the Master Fund to leverage investments may be collateralized by the Master Fund's portfolio. Accordingly, the Master Fund may pledge its securities in order to borrow or otherwise obtain leverage for investment or other purposes. In general, the anticipated use of margin borrowings and other borrowings based on the market value of the portfolio and derivatives which require the Master Fund to post margin add certain additional risks to the Master Fund. For example, should such pledged securities decline in value, the Master Fund could be subject to a "margin call" pursuant to which the Master Fund 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, brokers, and/or dealers that provide financing to the Master Fund 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. Any such adverse effects may be exacerbated in the event that such limitations or restrictions are imposed suddenly and/or by multiple market participants. There can be no assurance that the Master Fund will be able to secure or maintain adequate financing.

Borrowing for Cash Management Purposes

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

Borrowing 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 the Master Fund's portfolio.

Lending of Portfolio Securities

The Master Fund may lend securities on a collateralized and an uncollateralized basis from its portfolio to creditworthy securities firms and financial institutions. While a securities loan is outstanding, the Master Fund 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.

Hedging Transactions

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

Discretion of the Investment Manager; New Strategies and Techniques

While the Investment Manager will generally seek to employ the representative investment strategies and techniques discussed herein, the Investment Manager (subject to the policies and control of the Master Fund Board of Directors) has considerable discretion in the types of Securities the Master Fund may trade and has the right to modify the investment strategies and techniques of the Master Fund without the consent of the Limited Partners. 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 the Master Fund. In addition, any new investment strategy or technique developed by the Master Fund 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 the Master Fund.

General Economic and Market Conditions

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

Legal and Regulatory Environment for Private Investment Funds and their Managers

The legal and regulatory environment worldwide for private investment funds (such as the Funds) and their managers is evolving. Changes in the regulation of private investment funds, their managers, and their trading and investing activities may have a material adverse effect on the ability of the Master Fund to pursue its investment program and on the value of investments held by the Master Fund. There has been an increase in scrutiny of the private investment fund industry by governmental agencies and self-regulatory organizations. New laws and regulations or actions taken by regulators that restrict the ability of the Master Fund to pursue its investment program or employ brokers and other counterparties could have a material adverse effect on the Fund and the Limited Partners' investments therein. In addition, the Investment Manager may, in its sole discretion, cause the Funds to be subject to certain laws and regulations if it believes that an investment or business activity is in the Master Fund's interest, even if such laws and regulations may have a detrimental effect on one or more Fund investors.

Regulation in the Derivatives Industry

There are many rules related to derivatives that may negatively impact the Master Fund, such as requirements related to recordkeeping, reporting, portfolio reconciliation, central clearing, minimum margin for uncleared over-the-counter ("**OTC**") instruments and mandatory trading on electronic facilities, and other transaction-level obligations. Parties that act as dealers in swaps, are also subject to extensive business conduct standards, additional "know your counterparty" obligations, documentation standards and capital requirements. All of these requirements add costs to the legal, operational and compliance obligations of the Investment Manager, its affiliates, and the Master Fund, and increase the amount of time that the Investment Manager spends on non-investment-related activities. Requirements such as these also raise the costs of entering into derivative transactions, and these increased costs will likely be passed on to the Master Fund.

These rules are operationally and technologically burdensome for the Investment Manager and the Master Fund. These compliance obligations require employee training and use of technology, and there are operational risks borne by the Master Fund in implementing procedures to comply with many of these additional obligations.

These regulations may also result in the Master Fund forgoing the use of certain trading counterparties (such as broker-dealers and futures commission merchants ("**FCMs**")), as the use of other parties may be more efficient for the Master Fund from a regulatory perspective. However, this could limit the Master Fund's trading activities, create losses, preclude the Master Fund from engaging in certain transactions or prevent the Master Fund from trading at optimal rates and terms.

Many of these requirements were implemented pursuant to the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**"), the EU Regulation on OTC Derivatives, Central Counterparties and Trade Repositories (known as the European Market Infrastructure Regulation, or "**EMIR**") and similar regulations globally. In the United States, the Dodd-Frank Act divides the regulatory responsibility for derivatives between the SEC and the CFTC, a distinction that does not exist in any other jurisdiction. The SEC has regulatory

authority over “security-based swaps” and the CFTC has regulatory authority over “swaps”. EMIR is being implemented in phases through the adoption of delegated acts by the European Commission. As a result of the SEC and CFTC bifurcation and the different pace at which the SEC, the CFTC, the European Commission and other international regulators have promulgated necessary regulations, different transactions are subject to different levels of regulation. Though many rules and regulations have been finalized, there are others, particularly SEC regulations with respect to security-based swaps and EMIR regulations, that are still in the proposal stage or are expected to be introduced in the future.

Systemic Risk

Systemic risk is the risk of broad financial system stress or collapse triggered by the default of one or more financial institutions, which results in a series of defaults by other interdependent financial institutions. Financial intermediaries, such as clearing houses, banks, securities firms and exchanges with which the Master Fund interacts, as well as the Master Fund, are all subject to systemic risk. A systemic failure could have material adverse consequences on the Master Fund and on the markets for the Securities in which the Master Fund seeks to invest.

Assumption of Business, Terrorism and Catastrophe Risks

The Master Fund may be subject to the risk of loss arising from exposure that it may incur, indirectly, due to the occurrence of various events, including hurricanes, earthquakes, and other natural disasters, terrorism and other catastrophic events. These risks of loss can be substantial and could have a material adverse effect on the Master Fund, the Fund and the Limited Partners’ investments therein.

Counterparty Risk

The Master Fund expects to establish relationships to obtain financing, derivative intermediation and prime brokerage services that permit the Master Fund to trade in any variety of markets or asset classes over time. However, there can be no assurance that the Master Fund will be able to establish or maintain such relationships. An inability to establish or maintain such relationships could limit the Master Fund’s trading activities, create losses, preclude the Master Fund from engaging in certain transactions or prevent the Master Fund 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 the Master Fund’s business due to the Master Fund’s reliance on such counterparties.

The Master Fund 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, the Master Fund enters into a contract directly with dealer counterparties which may expose the Master Fund 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, the Master Fund 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 the Master Fund had entered into contracts with multiple counterparties. Certain OTC derivative contracts require that the Master Fund post collateral.

If there is a default by a counterparty, the Master Fund 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 the Master Fund being less than if the Master Fund 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 the Master Fund's Securities from such counterparty or the payment of claims therefor may be significantly delayed, and the Master Fund 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 the Master Fund may terminate its agreement with an insolvent counterparty.

Collateral that the Master Fund posts to its 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 was to become insolvent, the Master Fund 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 the Master Fund 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, the Master Fund 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 the Master Fund being less than if the Master Fund 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 the Master Fund's counterparties were to become insolvent or the subject of insolvency proceedings, there exists the risk that the recovery of the Master Fund's 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 the Master Fund, which could be material.

Volatility Risk

The Master Fund's 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 the Master Fund.

Significant Positions in Securities; Regulatory Requirements

In the event the Master Fund acquires a significant stake in certain issuers of securities and such stake exceeds certain percentage or value limits, the Master Fund may be subject to regulation and regulatory oversight that may impose notification and filing requirements or other administrative burdens on the Master Fund and the Investment Manager. Any such requirements may impose additional costs on the Master Fund and may delay the acquisition or disposition of the securities or the Master Fund's 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 the Master Fund's 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 Security. 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 the Master Fund's position limits were aggregated with an affiliate's position limits, the effect on the Master Fund and resulting restriction on its investment activities may be significant. If at any time positions managed by the Investment Manager were to exceed applicable position limits, the Investment Manager would be required to liquidate positions, which might include positions of the Master Fund, to the extent necessary to come within those limits. Further, to avoid exceeding any position limits, the Master Fund might have to forego or modify certain of its contemplated trades.

Exposure to Material Non-Public Information

From time to time, the Investment Manager may receive material non-public information with respect to an issuer of publicly traded securities. In such circumstances, the Master Fund 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

The Master Fund may invest in Securities denominated in currencies other than the U.S. Dollar. The Master Fund, however, values its Securities in U.S. Dollars. The Master Fund may or may not seek to hedge its non-U.S. 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 the Master Fund wishes to use them, or that hedging techniques employed by the Master Fund will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all. To the extent unhedged, the value of the Master Fund's positions denominated in currencies other than the U.S. Dollar will fluctuate with U.S. Dollar exchange rates as well as with the price changes of the investments in the various local markets and currencies.

Risks Relating to Specific Investments

We do not recommend a particular type of investment instrument to the Funds, but rather, we recommend and invest in multiple investment instruments. However, because it may be useful in understanding our investment program, in addition to the risk factors set forth above, we have included a non-exclusive list of certain risks related to securities and other instruments that may be utilized within the Master Fund's portfolio.

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 plus the premium received. 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 plus the premium received. The Securities necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices. 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 less the premium received. 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 less the premium received. The buyer of a put option assumes the risk of losing its entire investment in the put option.

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 clearinghouses, 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 Manager 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 Manager 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.

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.

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 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 Manager's ability to correctly predict movements in the direction of the underlying market.

Commodities

The production and marketing of commodities may be affected by actions and changes in governments. In addition, commodity-related instruments may be cyclical in nature. During periods of economic or financial instability, commodity-related instruments may be subject to broad price fluctuations, reflecting volatility of energy and basic material prices and possible instability of supply of various commodities. Commodity-related instruments may also experience greater price fluctuations than the relevant commodity. In periods of rising commodity prices, such instruments may rise at a faster rate; and conversely, in times of falling commodity prices, such instruments may suffer a greater price decline.

The Master Fund may seek to gain exposure to the commodity markets by investing in commodity swap agreements and may also invest in other commodity-linked derivatives. The value of a commodity-linked derivative investment generally is based upon the price movements of a physical commodity (such as energy, mineral or agricultural products), a commodity futures contract or commodity index, or other economic variable based upon changes in the value of commodities or the commodity markets.

The risk of loss in trading commodities can be substantial. If the Master Fund purchases a commodity option, it may sustain a total loss of the premium and of all transaction costs. If the Master Fund purchases or sells a commodity futures contract or sells a commodity option, it may sustain a total loss of the initial margin funds and any additional funds that it deposits with its broker to establish or maintain its position. If the market moves against its position, the Master Fund may be called upon by its broker to deposit a substantial amount of additional margin funds, on short notice, in order to maintain its position. If it does not provide the requested funds within the prescribed time, its position may be liquidated at a loss, and it will be liable for any resulting deficit in its account.

Factors Affecting Commodities Prices

The values of commodities which underlie the commodity futures contracts and other types of financial instruments are generally affected by, among other factors, the cost of producing commodities, changes in consumer demand for commodities, the hedging and trading strategies of producers and consumers of commodities, speculative trading in commodities by commodity pools and other market participants, disruptions in commodity supply, weather and climate conditions, changes in interest rates, rates of inflation, currency devaluations and revaluations, embargoes, tariffs, regulatory developments, governmental, agricultural, trade, fiscal, monetary and exchange control programs and policies, political and other global events and global economic factors. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in certain markets and this intervention may cause these markets to move rapidly. The Master Fund and the Investment Manager have no control over the factors that affect the price of commodities. Accordingly, the value of the Master Fund's investments could change substantially and in a rapid and unpredictable manner.

Credit Default Swaps

Credit default swaps can be used to implement the Investment Manager'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 Manager's judgment, there is the potential for 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 Manager'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 or a 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.

Mortgage-Backed Securities

The investment characteristics of mortgage-backed securities (“**MBS**”) differ from traditional debt securities. Among the major differences are that interest and principal payments are made more frequently, usually monthly, and that the principal may be prepaid at any time because the underlying loans or other assets generally may be prepaid at any time. Investments in subordinated MBS involve greater credit risk of default than the senior classes of the issue or series. Default risks may be further pronounced in the case of MBS secured by, or evidencing an interest in, a relatively small or less diverse pool of underlying loans. Certain subordinated securities absorb all losses from default before any other class of securities is at risk, particularly if such securities have been issued with little or no credit enhancement or equity. Such securities, therefore, possess some of the attributes typically associated with equity investments.

Commercial Mortgage-Backed Securities

Investments in commercial mortgage-backed securities (“**CMBS**”) also carry specific risks. Mortgage loans on commercial properties often are structured so that a substantial portion of the loan principal is not amortized over the loan term but is payable at maturity and repayment of the loan principal thus often depends upon the future availability of real estate financing from the existing or an alternative lender and/or upon the current value and salability of the real estate. Therefore, the unavailability of real estate financing may lead to default.

Most commercial mortgage loans underlying MBS are effectively nonrecourse obligations of the borrower, meaning that there is no recourse against the borrower’s assets other than the collateral. If borrowers are not able or willing to refinance or dispose of encumbered property to pay the principal and interest owed on such mortgage loans, payments on the related MBS are likely to be adversely affected. Revenues from the assets underlying such MBS may be retained by the borrower and the return on investment may be used to make payments to others, maintain insurance coverage, pay taxes or pay maintenance costs. Such diverted revenue is generally not recoverable without a court appointed receiver to control collateral cash flow.

Residential Mortgage-Backed Securities

Holders of residential mortgage-backed securities (“**RMBS**”) bear various risks, including credit, market, interest rate, structural and legal risks. RMBS represent interests in pools of residential mortgage loans secured by one to four family residential mortgage loans. Such loans may be prepaid at any time. Residential mortgage loans are obligations of the borrowers thereunder only and are not typically insured or guaranteed by any other person or entity, although such loans may be securitized by government agencies and the securities issued are guaranteed. The rate of defaults and losses on residential mortgage loans will be affected by a number of factors, including general economic conditions and those in the geographic area where the mortgaged property is located, the terms of the mortgage loan, the borrower’s “equity” in the mortgaged property and the financial circumstances of the borrower. If a residential mortgage loan is in default, foreclosure of such residential mortgage loan may be a lengthy and difficult process and may involve significant expenses. Furthermore, the market for defaulted residential mortgage loans or foreclosed properties may be very limited.

Investments in RMBS may experience losses or reduced yield if, for example, (i) the borrower of an underlying residential mortgage loan defaults or is unable to make payments, (ii) the underlying residential mortgage loans are prepaid, (iii) there is a general decline in the housing market, or (iv) violations of particular provisions of certain U.S. federal laws by an issuer of RMBS limit the ability of the issuer to collect all or part of the principal of or interest on the related underlying loans.

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 Manager 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 the relevant 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.

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 the Master Fund’s ability to achieve its investment objective.

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 “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.

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 Manager’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 fulfil 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-specific, 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 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.*, 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 Manager 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.

Item 9: Disciplinary Information

AKAZ, its supervised persons, and its affiliates do not have any disciplinary history to report.

Item 10: Other Financial Industry Activities and Affiliations

Neither AKAZ nor its management persons are registered as broker-dealers, nor have an application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer, respectively.

AKAZ has registered as a Commodity Pool Operator with the Commodity Futures Trading Commission and is a member of the National Futures Association.

AKAZ does not have material relationships or arrangements with industry participants.

AKAZ does not recommend or select other investment advisers for its clients.

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

Code of Ethics

AKAZ has adopted a “**Code of Ethics**” that establishes the high standard of conduct that it expects of our partners, officers, directors, employees, individual consultants and other persons occupying a similar status or performing similar functions (“**Covered Persons**”) and procedures regarding our Covered Persons’ personal trading of securities. Our Covered Persons are required to certify their adherence to the terms set forth in the Code of Ethics upon commencement of employment and annually thereafter. Covered Persons also are required to provide quarterly certifications of compliance with certain Code of Ethics provisions.

The foundation of our Code of Ethics is based upon the following underlying fiduciary principles:

- Covered Persons must at all times place the interests of the Funds and Investors first;

- Covered Persons must ensure that all personal securities transactions are conducted consistent with the Code of Ethics' Covered Person Investment Policy (described below); and
- Covered Persons should not take inappropriate advantage of their position at the Firm.

Personal Securities Trading

As part of its Code of Ethics, AKAZ has adopted a Covered Person Investment Policy, which requires the reporting of certain personal holdings and trades, and the CCO's preapproval for certain transactions.

AKAZ will provide a copy of its Code of Ethics to its Investors, or any prospective investor or client, upon request.

Participation or Interest in Client Transactions

Neither AKAZ nor its related persons purchase securities for its own accounts from the Funds or sell any securities from its own accounts to the Funds. AKAZ may solicit qualified eligible investors to invest in the Onshore Feeder fund and the Offshore Feeder fund (together the "**Feeder Funds**"). AKAZ could be considered to have recommended an investment in the Feeder Funds as suitable for a client as a result of its relationship with the Feeder Funds. AKAZ will inform each client of its relationship with the Feeder Funds prior to the client's investment, but AKAZ does not intend to advise prospective investors as to the appropriateness of the investment and AKAZ will not receive any compensation for selling interests in the Feeder Funds (except to the extent that the Relying Adviser receives a Management Fee and the Fund General Partner receives an Incentive Allocation from Investors).

Item 12: Brokerage Practices

AKAZ is authorized to determine the broker-dealer to be used for executing securities transactions for the Funds. In selecting broker-dealers to execute transactions AKAZ does not have an obligation to seek the lowest available commission cost. The Funds' securities and other assets are held in securities accounts at our prime brokers that are "**Qualified Custodians**" as defined under the Investment Advisers Act of 1940, as amended (the "**Advisers Act**").

Best Execution

In selecting an appropriate broker-dealer to affect a client trade, AKAZ seeks to obtain "**Best Execution**," meaning generally the execution of a securities transaction for a client in such a manner that a client's total costs or proceeds in the transactions (across the portfolio) are most favorable under the circumstances. Accordingly, in seeking Best Execution, AKAZ will take into consideration the price of a security offered by the broker-dealer, as well as a broker-dealers' full range and quality of their services including, among other things, their facilities, reliability and financial responsibility, execution capability, commission rates, responsiveness to us, brokerage and research services provided to us (for example, research ideas, analysis, and investment strategies), special execution and block positioning capabilities, clearance, and settlement and custodial services.

Item 13: Review of Accounts

AKAZ provides continuous advisory services for the Funds. AKAZ regularly monitors and analyzes the transactions, positions, and investment levels of the Funds to ensure that they conform with the investment objectives and guidelines stated in the Funds' offering documents. In these reviews, AKAZ pays particular attention to any changes in the investment's fundamentals, overall risk management and changes in the markets that may affect price levels.

Account Reporting

AKAZ provides reports in accordance with the applicable Fund's investment management agreement and organizational and offering documents and as may be agreed with particular Investors.

AKAZ will distribute the annual audited financial statements with respect to the previous fiscal year to all Investors within 90 days of the relevant Fund's fiscal year end or as soon as reasonably practicable thereafter (prior to 120 days of the Fund's fiscal year end). AKAZ also may distribute other interim reports to Investors.

Item 14: Client Referrals and Other Compensation

AKAZ does not receive economic benefits from non-clients for providing investment advice and/or other advisory services.

Item 15: Custody

AKAZ will comply with Advisers Act's "**Custody Rule**" by meeting the conditions of the pooled vehicle annual audit approach. Upon completion of the relevant Fund's annual audit by an independent auditor that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board (PCAOB), AKAZ will distribute the Fund's audited financial statements to Investors within 90 days of the relevant Funds fiscal year end or as soon as reasonably practicable thereafter (prior to 120 days of the Fund's fiscal year end).

Item 16: Investment Discretion

The Relying Adviser provides investment advice directly to its Funds pursuant to a written investment management agreement with the Funds, subject to the discretion and control of the Fund General Partner or the board of directors of the applicable Funds, and not directly to the investors in the Funds.

Item 17: Voting Client Securities

In compliance with the Advisers Act's Proxy Voting Rule, AKAZ has adopted proxy voting policies and procedures. The general policy is to vote all 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.

AKAZ may take into account all relevant factors, as determined in its 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, AKAZ may refrain from voting Proxies where it believes that voting would be inappropriate, taking into consideration the cost of voting the Proxies and the anticipated benefit to AKAZ’s clients. Generally, clients may not direct AKAZ’s vote in a particular solicitation.

Conflicts of interest may arise between the interests of AKAZ’s clients, on one hand, and AKAZ or its affiliates on the other hand. If AKAZ determines that it may have, or be perceived to have, a conflict of interest when voting Proxies, AKAZ will vote in accordance with its Proxy voting policies and procedures.

Investors may obtain a copy of our Proxy voting policies and our Proxy voting record upon request.

Item 18: Financial Information

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