

## **Jericho Capital Asset Management LP**

### **Part 2A of Form ADV**

#### **The Brochure**

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This brochure (the “Brochure”) provides information about the qualifications and business practices of Jericho Capital Asset Management LP (the “Adviser”). If you have any questions about the contents of this Brochure, please contact the Adviser at (212) 946-7650. 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.

The Adviser is registered as an investment adviser with the SEC. Registration as an investment adviser with the SEC or with any state securities authority does not imply that the Adviser or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or in any other business.

Additional information about the Adviser also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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**Item 2. Material Changes**

The Adviser is required to identify and discuss any material changes made to its Brochure since the last annual update to the Brochure. While there are changes and updates in this Brochure, we do not believe that any of them are material to the Brochure. If the Adviser makes any material changes to this Brochure, this section will be revised to include a summary of such changes.

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**Item 4. Advisory Business**

The Adviser, a Delaware limited partnership, is an investment adviser with its principal place of business in New York, New York. The Adviser commenced operations as an investment adviser in 2009. Josh Resnick is the principal owner of the Adviser.

The Adviser provides discretionary investment advisory services to pooled investment vehicles (each a “Fund” or a “Client” and, collectively, the “Funds” or the “Clients”).

The Funds are organized as master-feeder structures which permit investors to invest in one or more feeder funds. The feeder funds generally invest substantially all of their assets in a master fund, which invests in securities and other instruments selected by the Adviser.

Interests in the Funds are offered in the United States on a private placement basis to persons who generally are “accredited investors” as defined under Regulation D under the Securities Act of 1933 (the “Securities Act”) and “qualified purchasers” as defined under the Investment Company Act of 1940 (the “Company Act”), and who are subject to certain other conditions, which are set forth in the offering documents for the U.S. Funds. Shares in the Funds are generally offered outside of the United States to persons who (i) are not “U.S. Persons”, as defined under Regulation S of the Securities Act, or who are tax-exempt U.S. Persons (or entities substantially composed of tax-exempt U.S. Persons), on a private placement basis, and (ii) who are subject to certain other conditions, which are fully set forth in the offering documents for these Funds.

The Adviser provides advice to the Funds based on specific investment objectives and strategies described in the offering memorandum for each Fund (collectively, the “Governing Documents”) and in Item 8 hereof. The Adviser does not tailor advisory services to the individual needs of investors in the Funds, and investors in the Funds may not impose restrictions on investing in certain securities or certain types of securities. Interests in the Funds are offered only to investors who meet certain eligibility conditions, which are fully set forth in the Governing Documents of each Fund.

The Adviser may enter into agreements (often referred to in the industry as “side letters”) with certain investors in the Funds that may grant terms which differ from those outlined in the Funds’ charter or similar governing documents (the “Governing Documents”). These terms may include but are not limited to (i) satisfaction of regulatory requirements of a particular investor, and (ii) acquisitions of interests in the Funds by members, principals, employees of affiliates of the Adviser and relatives of such persons or certain large or strategic investors. The Funds may also agree to provide certain investors with supplemental information and reports that may not be made available to all investors.

As of December 31, 2018, the Adviser managed approximately \$3,359,880,000 of regulatory assets under management on behalf of Clients, all on a discretionary basis.

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## Item 5. Fees and Compensation

The fees and expenses applicable to each Client are set forth in detail in each Client's respective Governing Documents. A brief summary of those fees and expenses is provided below.

The Adviser generally receives a management fee based on the net assets of the Client as of the first day of each calendar quarter (the "Management Fee"). The Management Fee is generally paid in advance at the beginning of each quarter, and a pro rata portion of any Management Fee paid in advance will be repaid, based on the actual number of months remaining in such quarter, by the Adviser if any investor is permitted to redeem prior to the end of a quarter, and the applicable fund will distribute such amount to the investor.

The Funds are subject to a Management Fee of 0% to 1.5% per annum.

The general partner of each Fund, Jericho Capital Advisors LLC (the "General Partner"), generally receives annual performance-based compensation equal to a percentage of the net profits of the Funds during such fiscal year, subject to a loss carryforward (the "Incentive Allocation"). Net profits include both realized gains and losses and unrealized gains and losses on securities held in each Fund's portfolio. Generally any net loss in a fiscal year allocated to any eligible investor is carried forward so that no Incentive Allocation is borne by such investor unless the losses have been recouped, subject to certain adjustments. The Incentive Allocation generally is 20% to 30% of net profits. The exact method of calculation and other terms of the Incentive Allocation are more fully detailed in each Fund's Governing Documents.

The Adviser or the General Partner, in its sole discretion, may waive or reduce the Management Fee and the Incentive Allocation for certain investors, including large or strategic investors. Fees are generally waived or reduced for principals, employees or affiliates of the Adviser (or a related person of the Adviser), and relatives of such persons.

Neither the Adviser nor any of its supervised persons accepts compensation for the sale of securities or other investment products.

As more fully described in the Funds' Governing Documents, the Adviser bears overhead expenses of an ordinary and recurring nature incurred in connection with the investment and other management services that it provides for the Funds, such as rent, its compliance expenses (including expenses related to various filings, its registration and reporting requirements not specifically related to a Fund), supplies, secretarial expenses, stationery, charges for furniture and fixtures, employee insurance, payroll taxes and compensation of employees. The Funds bear all other expenses, including without limitation, legal, accounting (including third-party accounting services), audit, and other professional fees and expenses, Fund compliance expenses (including expenses related to various regulatory filings (or portions thereof) a Fund is required to make or the Adviser is required to make as a result of managing the Fund's portfolio, and fees and expenses related to registration, filing and/or reporting requirements in any jurisdiction in which the interests in the Fund are offered or sold), administration fees and expenses, directors' fees and expenses, organizational expenses, research expenses (including research-related travel), investment expenses such as commissions, third-party trading services, interest on margin accounts and other indebtedness, borrowing charges on securities sold short, custodial fees, bank service fees, insurance, the feeder funds' pro rata share of the expenses of the master fund and other expenses related to the purchase, sale, preservation or transmittal of the Funds' assets.

The Adviser has adopted procedures to govern the allocation of expenses that are shared by more than one Client. Expenses that are incurred jointly for multiple Clients are generally allocated among those Clients pro rata based on assets under management or in such other manner that the Adviser considers fair and reasonable. The Adviser will bear the portion of an expense attributable to Clients for whom it is not permitted to charge such expense, as applicable.

Generally, brokerage and other transaction costs are borne by Clients. Brokerage and research expenses of the Funds may be paid through the use of “soft dollars”. Please refer to Item 12 Brokerage Practices of this Brochure for a discussion of the Adviser’s brokerage practices.

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**Item 6. Performance-Based Fees and Side-by-Side Management**

As described in Item 5 above, the Adviser or its affiliates accept performance-based compensation from its Clients. The Adviser computes such fees in a similar manner for each Fund. Because the performance-based compensation is calculated on a basis that includes unrealized appreciation of the Funds' assets, the performance-based compensation may be greater than if it were based solely on realized gains.

It should be noted that the potential to receive performance-based compensation creates a potential conflict of interest in that the Adviser and its affiliates may have the incentive to make investments that are riskier or more speculative than they would make in the absence of performance-based compensation. Additionally, the Adviser may have the incentive to favor accounts that pay a higher Incentive Allocation. The Adviser recognizes that it has a fiduciary duty and as such must act in the best interests of its clients. As is described in further detail in Item 12 below, the Adviser has adopted policies and procedures governing the allocation of investment opportunities in order to ensure that such allocation is fair and equitable to all clients. Further, Clients and Fund investors are provided with clear disclosure in the applicable Governing Documents as to how the performance-based compensation is charged.

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**Item 7. Types of Clients**

The Adviser's clients consist of the Funds, which are private investment vehicles, as described above.

Investors in the Funds are generally required to make minimum initial investments of at least \$1 million as more fully detailed in the Governing Documents for the applicable Fund. The General Partner or the Board of Directors of each Fund, as applicable, may waive the minimum initial investment amount. Investors in the Funds may include some or all of the following: individuals, banks or thrift institutions, investment companies, pension or profit sharing plans, other benefit plans, trusts, estates, endowments, charitable organizations, corporations or business entities other than those listed previously, private investment funds and other entities.

Investors in Funds domiciled in the U.S. and U.S. persons investing in Funds that are domiciled overseas are required to be "accredited investors" as defined under the Securities Act and "qualified purchasers" as defined under the Company Act. Investors in Funds domiciled overseas are required to be persons who (i) are not "U.S. Persons", as defined under Regulation S of the Securities Act, or (ii) who are tax-exempt U.S. Persons (or entities substantially composed of tax-exempt U.S. Persons).



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

The investment strategies and objectives, methods of analysis, and certain material risks applicable to each Client are set forth in detail in each Client's respective Governing Documents. A brief summary of those matters is provided below.

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

The Adviser seeks to generate superior risk-adjusted returns primarily through managing long and short equity positions with a focus on the global technology, media and entertainment, telecommunications and consumer sectors. The Adviser invests in companies located in developed and emerging markets, including without limitation, North America, the United Kingdom, Western Europe, Eastern Europe, the Russian Federation, Asia Pacific, the Middle East, Africa and Latin America.

The investment strategy of certain of the Funds (e.g., the "Special Opportunities Strategy Funds") seeks to be more concentrated in a smaller number of investments than the strategy employed in certain other Funds managed by the Adviser (the "Main Strategy"). These accounts will hold some of the same securities as accounts managed pursuant to the Main Strategy, but in significantly different proportions as a percentage of capital. The Adviser may manage Funds that pursue other investment strategies in the future.

The amount of leverage employed by a Client will fluctuate as a function of the risk parameters of individual investment positions, investment opportunities, and borrowing rates. In particular, the Adviser believes that above average investment opportunities may be available after major market disruptions and thus portfolio leverage normally should be limited in order to have capital available to invest should such a market upset occur.

The Adviser may utilize a variety of financial instruments such as foreign exchange contracts for risk management purposes. The Adviser may seek to mitigate interest rate risk and currency risk associated with a Client's portfolio through the use of various hedging strategies. These hedging strategies may include, among other things, interest rate swaps, currency exchange agreements and forward contracts. However, there can be no assurance that such hedging strategies will be implemented, or if implemented, will be effective. A Client may also trade such instruments for speculative purposes.

These methods and strategies involve a risk of loss to investors in the Funds and such investors must be prepared to bear the loss of their entire investment.

Material risks relating to the Adviser's investment strategies include:

Concentrated Portfolio. At times, Clients may have a highly concentrated portfolio. Accordingly, Client portfolios generally will not be diversified among a wide range of issuers, industries, geographic areas, capitalizations or types of securities and may have significant, concentrated positions. As a result, the portfolio may be subject to more rapid changes in value than would be the case if the portfolio were required to maintain a wide diversification among issuers, industries, geographic areas, capitalizations or types of securities. Such risks may be significantly higher for Clients that participate in the Special Opportunities Strategy.

Portfolio Turnover. The investment strategy of the Adviser may involve the taking of frequent trading positions, and, as a result, turnover and brokerage commission expenses of the Client may significantly exceed those of other investment entities of comparable size.

Long/Short. The success of a Client's long/short investment strategy depends upon the Adviser's ability to identify and purchase securities that are undervalued and identify and sell short securities that are overvalued. The identification of investment opportunities in the implementation of a Client's long/short investment strategies 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 a Client's positions were to fail to converge toward, or were to diverge further from values expected by the Adviser, a Client may incur a loss. In the event of market disruptions, significant losses can be incurred which may force a Client to close out one or more positions. Furthermore, the valuation models used to determine whether a position presents an attractive opportunity consistent with the Adviser's long/short strategies may become outdated and inaccurate as market conditions change.

Hedging. A Client may utilize securities for risk management purposes in order to: (i) protect against possible changes in the market value of a Client's investment portfolio resulting from fluctuations in the markets and changes in interest rates; (ii) protect a Client'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 a Client's portfolio; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any of a Client's securities; (vii) protect against any increase in the price of any securities a Client anticipates purchasing at a later date; or (viii) act for any other reason that the Adviser deems appropriate. A Client will not be required to hedge any particular risk in connection with a particular transaction or its portfolio generally. The Adviser may be unable to anticipate the occurrence of a particular risk and, therefore, may be unable to attempt to hedge against it. While a Client may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for a Client 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.

Leverage. A Client may utilize leverage when implementing its investment strategies. Leverage increases returns to investors if a Client earns a greater return on leveraged investments than a Client's cost of such leverage. However, the use of leverage exposes a Client to additional levels of risk including (i) greater losses from investments than would otherwise have been the case had a Client not borrowed to make the investments, (ii) margin calls or changes in margin requirements may force premature liquidations of investment positions, (iii) losses on investments where the investment fails to earn a return that equals or exceeds a Client's cost of leverage related to such investments and (iv) fluctuations in interest rates on a Client's borrowings, which may have a negative effect on a Client's profitability. In case of a sudden, precipitous drop in the value of a Client's assets, a Client might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying the losses incurred by a Client.

Depending on conditions in the credit markets at any given time, the Adviser may find it difficult or impossible to obtain leverage for a Client on satisfactory terms, or at all. Since leveraging its assets will be part of the investment strategy of a Client, in such event, the Adviser could find it difficult to fully implement its strategy. In addition, any leverage obtained, if terminated on short notice by the lender, could result in the Adviser being forced to unwind positions quickly and at prices below what the Adviser deems to be fair value for the positions.

Short Selling Risk. The success of a Client's short selling investment strategy depends upon the Adviser's ability to identify and sell short securities that are overvalued. 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 a Client of buying those securities to cover the short position. There can be no assurance that a Client will be able to maintain the ability to borrow securities sold short. In such cases, a Client 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 a Client 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 a Client secures 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 a Client 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 a Client.

Risks associated with types of securities primarily recommended by the Adviser include:

Technology Company Securities. A Client may maintain a significant exposure to the equity securities of companies which derive a major portion of their revenue directly from business lines which benefit, or are expected to benefit from, technological events, advances or products. Investing in securities of technology companies involves additional risks. These risks include: the fact that certain companies in a Client’s portfolio may have limited operating histories; rapidly changing technologies and products which may quickly become obsolete; cyclical patterns in information technology spending which may result in inventory write-offs, cancellation of orders and operating losses; scarcity of management, engineering and marketing personnel with appropriate technological training; the possibility of lawsuits related to technological patents; changing investors’ sentiments and preferences with regard to investments in technology companies (which are generally perceived as risky) with their resultant effect on the price of underlying securities. In addition, volatility in the U.S. and foreign stock markets may disproportionately affect the prices of securities of technology companies and thus cause a Client’s performance to experience substantial volatility. A Client is thus subject to these and other risks associated with technology companies to a much greater extent than a fund that does not emphasize these investments.

Media and Telecommunications Sector Investments. In addition to the risks associated with making investments in companies with a technology focus, media and telecommunications companies may be subject to other risks including, without limitation, government intervention and scrutiny and increased competition from both the private and public sectors.

Consumer Sector Investments. A Client may invest its assets in consumer-related companies, including those in the technology, media and telecommunications space. Such companies may face significant risks, including regulatory, technological and competitive risks. Changes in regulation may adversely impact the value of consumer-related companies held as investments in a Client’s portfolio. There may be rapid change in technological developments or product ideas, and a Client may be adversely affected by a lack of commercial acceptance of a new product or service, or by technological change or obsolescence. Further, there can be no assurance that the companies in which a Client may invest will be able to successfully predict which of many possible future technologies, products or services will be important to maintain a competitive position in the market.

Equity Securities. The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and “growth” stocks can react differently from “value” stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geopolitical risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

Non-U.S. Securities. Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other

taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. All of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market.

Emerging Markets. Investing in the securities markets of emerging market countries involves certain risks and special considerations not typically associated with investing in other more established economies or securities markets. Such risks may include (a) the risk of nationalization or expropriation of assets or confiscatory taxation; (b) social, economic and political uncertainty; (c) dependence on exports and the corresponding importance of international trade and commodities prices; (d) less liquidity of securities markets; (e) currency exchange rate fluctuations; (f) potentially higher rates of inflation (including hyperinflation); (g) controls on non-U.S. investment and limitations on repatriation of invested capital and a Client's ability to exchange local currencies for U.S. dollars; (h) government decisions to discontinue support for economic reform programs and imposition of centrally planned economies; (i) differences in auditing and financial reporting standards which may result in the unavailability of material information about economics and issuers; (j) less extensive regulatory oversight of securities markets; (k) longer settlement periods for securities transactions; (l) less stringent laws regarding the fiduciary duties of officers and directors and protection of investors; and (m) certain consequences regarding the maintenance of securities and cash with non-U.S. brokers sub-custodians and securities depositories.

Lack of Liquidity of Client Assets, Valuation. Client assets may, at any given time, include securities and other financial instruments or obligations that are or may become thinly traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to value accurately any such investments.

Derivatives. 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. Swaps, and certain options and other custom derivative or synthetic instruments are subject to the risk of nonperformance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty. In addition, investments in derivative instruments require a high degree of leverage, meaning the overall contract value (and, accordingly, the potential for profits or losses in that value) is much greater than the modest deposit used to buy the position in the derivative contract. Derivative securities can also be highly volatile. The prices of derivative instruments and the investments underlying the derivative instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the client or the Adviser. Further, over-the-counter transactions in derivative instruments are not undertaken on recognized exchanges, and will expose the client's account to greater risks than regulated exchange transactions that provide greater liquidity and more accurate valuation of securities.

Call and Put Options. A Client may incur risks associated with the sale and purchase of call options and put options. Under a conventional cash-settled option, the purchaser of the option pays a premium in exchange for the right to receive upon exercise of the option (i) in the case of a call option, the excess, if any, of the reference price or value of the underlier (as determined pursuant to the terms of the option) above the option's strike price or (ii) in the case of a put option, the excess, if any, of the option's strike price above the reference price or value of the underlier (as so determined). Under a conventional physically-settled option structure, the purchaser of a call option has the right to purchase a specified quantity of the underlier at the strike price, and the purchaser of a put option has the right to sell a specified quantity of the underlier at the strike price.

A purchaser of an option may suffer a total loss of premium (plus transaction costs) if that option expires without being exercised. An option's time value (i.e., the component of the option's value that exceeds the in-the-money amount) tends to diminish over time. Even though an option may be in-the-money to the purchaser at various times prior to its expiration date, the purchaser's ability to realize the value of an option depends on when and how the option may be exercised. For example, the terms of the transaction may provide for the option to be exercised automatically if it is in-the-money on the expiration date.

Conversely, the terms may require timely delivery of a notice of exercise, and exercise may be subject to other conditions (such as the occurrence or non-occurrence of certain events, such as knock-in, knock-out or other barrier events) and timing requirements, including the “style” of the option.

Uncovered option writing (i.e., selling an option when the seller does not own a like quantity of an offsetting position in the underlier) exposes the seller to potentially significant loss. The potential loss of uncovered call writing is unlimited. The seller of an uncovered call may incur large losses if the reference price or value of the underlier increases above the exercise price by more than the amount of any premiums earned. As with writing uncovered calls, the risk of writing uncovered put options is substantial. The seller of an uncovered put option bears a risk of loss if the reference price or value of the underlier declines below the exercise price by more than the amount of any premiums earned. Such loss could be substantial if there is a significant decline in the value of the underlier.

Futures. 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 a Client'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 a Client from promptly liquidating unfavorable positions and subject a Client 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.

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 a Client 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.

Forward Contracts. A Client 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 Adviser would otherwise recommend, to the possible detriment of a Client. In its forward trading, a Client 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 a Client trades. Client 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 Adviser may order trades for a Client in such markets through agents. Accordingly, the insolvency or bankruptcy of such parties could also subject a Client to the risk of loss.

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 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 Client's interests.

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 a Client's investments may not adequately compensate for the business and financial risks assumed.

PIPE Transactions. Private investments in public companies whose stocks are quoted on stock exchanges or which trade in the over-the-counter securities market, a type of investment commonly referred to as a "PIPE" transaction, may be entered into with smaller capitalization public companies, which will entail business and financial risks comparable to those of investments in the publicly-issued securities of smaller capitalization companies, which may be less likely to be able to weather business or cyclical downturns than larger companies and are more likely to be substantially hurt by the loss of a few key personnel. In addition, PIPE transactions will generally result in a Client acquiring either restricted stock or an instrument convertible into restricted stock. As with investments in other types of restricted securities, such an investment may be illiquid. A Client's ability to dispose of securities acquired in PIPE transactions may depend on the registration of such securities for resale. Any number of factors may prevent or delay a proposed registration. Alternatively, it may be possible for securities acquired in a PIPE transaction to be resold in transactions exempt from registration in accordance with Rule 144 under the Securities Act, or otherwise under the U.S. federal securities laws. There can be no guarantee that there will be an active or liquid market for the stock of any small capitalization company due to the possible small number of stockholders. As a result, even if a Client is able to have securities acquired in a PIPE transaction registered or sell such securities through an exempt transaction, a Client may not be able to sell all the securities on short notice, and the sale of the securities could lower the market price of the securities. There is no guarantee that an active trading market for the securities will exist at the time of disposition of the securities, and the lack of such a market could hurt the market value of a Client's investments.

Restricted Securities. Restricted securities cannot be sold to the public without registration under the Securities Act. Unless registered for sale, restricted securities can be sold only in privately negotiated transactions or pursuant to an exemption from registration (e.g., under Rule 144A of the Securities Act). Although these securities may be resold in privately negotiated transactions, because there is often little liquidity for these securities, they may be difficult and take a substantial amount of time to sell, and the prices realized from these sales could be less than those originally paid by a Client. Restricted securities may involve a high degree of business and financial risk which may result in substantial losses.

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 a Client 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. A Client 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, a Client may be required to hold such securities despite adverse price movements. Even those markets which the Adviser 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.

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

Currency Exchange Exposure. A Client may invest in securities denominated in currencies other than the U.S. dollar. The Clients, however, value their securities in U.S. dollars. A Client 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 a Client wishes to use them, or that hedging techniques employed by a Client will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all. To the extent unhedged, the value of a Client'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.

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 a Client is called for redemption, the Client 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 a Client's ability to achieve its 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 a Client 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 Generally. 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.

Market Making by Dealers. The value of a Client's fixed-income investments will be affected by general fixed income market conditions, such as the volatility and liquidity of the fixed income market, which are affected by the ability of dealers to "make a market" in fixed-income investments. In recent years, the market for bonds has significantly increased while dealer inventories have significantly decreased, relative to market size. This reduction in dealer inventories may be attributable to regulatory changes, such as capital requirements, and is expected to continue. As dealers' inventories decrease, so does their ability to make a market (and, therefore, create liquidity) in the fixed income market. Especially during periods of rising interest rates, this could result in greater volatility and illiquidity in the fixed income market, which could impair a Client's profitability or result in losses.

Interest Rate Risk. Changes in interest rates can affect the value of a Client's investments in fixed-income instruments. Increases in interest rates may cause the value of a Client's debt investments to decline. A Client may experience increased interest rate risk to the extent it invests, if at all, in lower-rated

instruments, debt instruments with longer maturities, debt instruments paying no interest (such as zero-coupon debt instruments) or debt instruments paying non-cash interest in the form of other debt instruments.

Prepayment Risk. The frequency at which prepayments (including voluntary prepayments by the obligors and accelerations due to defaults) occur on debt instruments will be affected by a variety of factors including the prevailing level of interest rates and spreads as well as economic, demographic, tax, social, legal and other factors. Generally, obligors tend to prepay their fixed rate obligations when prevailing interest rates fall below the coupon rates on their obligations. Similarly, floating rate issuers and borrowers tend to prepay their obligations when spreads narrow.

In general, “premium” securities (securities whose market values exceed their principal or par amounts) are adversely affected by faster than anticipated prepayments, and “discount” securities (securities whose principal or par amounts exceed their market values) are adversely affected by slower than anticipated prepayments. Since many fixed rate obligations will be discount instruments when interest rates and/or spreads are high, and will be premium instruments when interest rates and/or spreads are low, such debt instruments may be adversely affected by changes in prepayments in any interest rate environment.

The adverse effects of prepayments may impact a Client’s portfolio in two ways. First, particular investments may experience outright losses, as in the case of an interest-only instrument in an environment of faster actual or anticipated prepayments. Second, particular investments may underperform relative to hedges that the Adviser may have constructed for these investments, resulting in a loss to a Client’s overall portfolio. In particular, prepayments (at par) may limit the potential upside of many instruments to their principal or par amounts, whereas their corresponding hedges often have the potential for unlimited loss.

Zero-Coupon and Deferred Interest Bonds. Zero-coupon bonds and deferred interest bonds are debt obligations issued at a significant discount from face value. The original discount approximates the total amount of interest the bonds will accrue and compound over the period until maturity or the first interest accrual date at a rate of interest reflecting the market rate of the security at the time of issuance. While zero-coupon bonds do not require the periodic payment of interest, deferred interest bonds generally provide for a period of delay before the regular payment of interest begins. Such investments experience greater volatility in market value due to changes in interest rates than debt obligations that provide for regular payments of interest.

High-Yield. Bonds or other fixed-income securities that are “higher yielding” (including non-investment grade) debt securities are generally not exchange-traded and, as a result, these securities trade in the over-the-counter marketplace, which is less transparent and has wider bid/ask spreads than the exchange-traded marketplace. 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. In addition, a Client 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.

A Client may invest in obligations of issuers that are generally trading at significantly higher yields than had been historically typical of the applicable issuer’s obligations. Such investments may include debt obligations that have a heightened probability of being in covenant or payment default in the future or that are currently in default and are generally considered speculative. The repayment of defaulted obligations is subject to significant uncertainties. Defaulted obligations might be repaid only after lengthy workout or



bankruptcy proceedings, during which the issuer might not make any interest or other payments. Typically such workout or bankruptcy proceedings result only in partial recovery of cash payments or an exchange of the defaulted security for other debt or equity securities of the issuer or its affiliates, which may in turn be illiquid or speculative.

Corporate Debt. Bonds, notes and debentures issued by corporations may pay fixed, variable or floating rates of interest, and may include zero-coupon obligations. Corporate debt instruments may be subject to credit ratings downgrades. Other instruments may have the lowest quality ratings or may be unrated. In addition, a Client may be paid interest in kind in connection with its investments in corporate debt and related financial instruments (e.g., the principal owed to a Client in connection with a debt investment may be increased by the amount of interest due on such debt investment). Such investments may experience greater market value volatility than debt obligations that provide for regular payments of interest in cash and, in the event of a default, a Client may experience substantial losses.

Mezzanine Debt. Mezzanine debt is typically junior to the obligations of a company to senior creditors, trade creditors and employees. The ability of a Client to influence a company's affairs, especially during periods of financial distress or following an insolvency, will be substantially less than that of senior creditors. Mezzanine debt instruments are often issued in connection with leveraged acquisitions or recapitalizations in which the issuers incur a substantially higher amount of indebtedness than the level at which they had previously operated. Default rates for mezzanine debt instruments have historically been higher than for investment-grade instruments. In the event of the insolvency of a portfolio company of a Client or similar event, the Client's debt investment therein will be subject to fraudulent conveyance, subordination and preference laws.

Stressed Debt. Stressed issuers are issuers that are not yet deemed distressed or bankrupt and whose debt securities are trading at a discount to par, but not yet at distressed levels. An example would be an issuer that is in technical default of its credit agreement, or undergoing strategic or operational changes, which results in market pricing uncertainty. The market prices of stressed and distressed instruments are highly volatile, and the spread between the bid and the ask prices of such instruments is often unusually wide.

Non-Performing Nature of Debt. Certain debt instruments may be non-performing or in default. Furthermore, the obligor or relevant guarantor may also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments, if any, with respect to such debt instruments.

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**Item 9. Disciplinary Information**

In the past ten years, there have been no legal or disciplinary events involving the Adviser or any of its management persons that are material to a client's or prospective client's evaluation of the Adviser's advisory business or the integrity of the Adviser's management.

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**Item 10. Other Financial Industry Activities and Affiliations**

The Adviser 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.

The Adviser 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. The Adviser is an exempt commodity pool operator.

Josh Resnick, the principal of the Adviser and the General Partner, is also one of three directors of the offshore Funds. The Funds' two other directors are independent of the Adviser and the General Partner.

The Adviser has affiliated entities that serve as the General Partner or managing member of certain Funds, and each such Fund will be managed by its respective General Partner or managing member. In addition, employees and persons acting on behalf of the General Partner or managing member are subject to the supervision and control of the Adviser. Thus, the General Partner or managing member, any of its employees and the persons acting on its behalf would be "persons associated with" the Adviser so that the SEC could enforce the requirements of the Advisers Act on the General Partner or managing member.

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

The Adviser has adopted a Code of Ethics (the "Code") that obligates the Adviser and its covered persons to put the interests of the Adviser's Clients before their own interests and to act honestly and fairly in all respects in their dealings with Clients. All of the Adviser's covered persons are also required to comply with applicable federal securities laws. Clients and investors may request a copy of the Code by contacting the Adviser at the address or telephone number listed on the first page of this Brochure.

In accounts of the Adviser or its covered persons ("Proprietary Accounts"), transactions of certain securities or opportunities that may be eligible for investment by the Adviser's Clients require pre-clearance approval under the Code.

If approved, such transactions can present a conflict in several scenarios, including the following:

*Potential Execution Priority Conflicts.* In some cases, the Proprietary Accounts may be in a position to trade in a manner that could advantage the Proprietary Accounts or adversely affect Clients (e.g., by executing their own trades before or after trades for Clients are executed and benefitting from any price movements due to such trades). In addition to affecting the Adviser's or its covered persons' objectivity, these practices by the Adviser or its covered persons may also harm clients by adversely affecting the price at which the Master Fund's trades are executed.

*Potential Conflict on Determinations Regarding Appropriateness.* At times, Proprietary Accounts invest in securities of an issuer that the Adviser has determined are not appropriate for the Master Fund's investment program. In these situations, the Adviser may be incentivized to determine that an attractive opportunity is not suitable for Clients, thereby freeing up the opportunity for one or more Proprietary Accounts.

*Potential Pre-Existing Interest Conflicts.* From time to time, a Proprietary Account may take a position in an issuer that was deemed to be inappropriate for a Client account at one time, but where, at a later time, transacting in securities of that same issuer is deemed to be suitable for a Client (such as a situation where the Adviser's covered persons invest in a privately-held issuer that later conducts an initial public offering). These kinds of investments could be problematic if the success of the later offering was needed to preserve the value of the earlier investments made by Proprietary Accounts, which could cause the Adviser's determination to cause Clients to invest to be characterized as a conflicted act.

*"Free Riding" Conflicts.* To the extent that the Adviser's personnel invest in opportunities that the Adviser is researching (or had researched) for one or more Clients, the Adviser's personnel will benefit from research or analysis obtained by, or performed for or on behalf of, Clients. In circumstances where the Funds are charged for such research or analysis, the Adviser will bear the portion of the expense of such research or analysis attributable to the investments of the Adviser's personnel.

The foregoing activities could be viewed as creating conflicts such as (i) incentivizing the Adviser to narrowly determine the securities that are appropriate for, and are potentially considered for purchase by, the Master Fund, (ii) incentivizing the Adviser to invest in opportunities that preserve the value of an earlier Proprietary Account investment, (iii) allowing the Adviser to trade on the basis of research efforts paid for by Clients, and (iv) resulting in the time and effort of the covered persons not being devoted exclusively to seeking opportunities for the Master Fund. Furthermore, the activities described in this paragraph can result in significant overlapping positions among the Master Fund and Proprietary Accounts, in which case the conflicts described in the paragraph above following the heading "*Potential Execution Priority Conflicts*" will exist.

As described below, the Adviser has adopted the Code, which contains policies and procedures designed to minimize any actual or potential conflicts. In addition, the Adviser has adopted other policies and procedures that are designed to minimize the other conflicts described above.

As a general matter, the Adviser's covered persons must pre-clear all transactions in reportable securities in their personal accounts with the Chief Compliance Officer, who may deny permission to execute the transaction if such transaction will have an adverse impact on the Funds. In addition, the Adviser's Code prohibits the Adviser and its covered persons from executing personal securities transactions of any kind in securities on a restricted list maintained by the Chief Compliance Officer. All of the Adviser's covered persons are required to disclose their securities transactions on a quarterly basis and holdings on an annual basis and trading in employee accounts will be reviewed by the Chief Compliance Officer and compared with transactions for the client accounts and reviewed against the restricted list.

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**Item 12. Brokerage Practices**

The Adviser considers a number of factors in selecting broker-dealers to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include, but are not limited to, financial stability of the broker; the actual executed price of the security and the broker's commission rates; research (including economic forecasts, investment strategy advice, fundamental and technical advice on individual securities, valuation advice and market analysis), custodial and other services provided by such brokers and/or dealers that are expected to enhance the Adviser's general portfolio management capabilities; the size and type of the transaction; the difficulty of execution and the ability to handle difficult trades; the operational facilities of the brokers and/or dealers involved (including back office efficiency); and the ability to handle a block order for securities and distribution capabilities. In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates, thus a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate.

**Soft Dollar Usage**

The Adviser limits the use of commissions or "soft dollars" to pay for "research" or "brokerage" products or services which constitute research and brokerage within the safe harbor created by Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)").

Within the last fiscal year of the Adviser, the types of products and services the Adviser or its related persons acquired with client brokerage commissions (or markups or markdowns) included, among other things: research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; corporate access (including but not limited to meetings with corporate executives); discussions and/or meetings with industry experts; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; services and software related to the execution, clearing and settlement of securities transactions and functions incidental thereto (e.g., connectivity services between the Adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; and software used to transmit orders. When the Adviser uses Client commissions to obtain Section 28(e) eligible research and brokerage products and services, the Adviser periodically reviews and evaluates its soft dollar practices and to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transaction or the Adviser's overall responsibilities to the accounts or portfolios over which the Adviser exercises investment discretion.

The use of Client commissions (or markups or markdowns) to obtain research and brokerage products and services may raise conflicts of interest. For example, the Adviser will not have to pay for the products and services itself. The Adviser may consider its receipt of such research or other products or services, as well as other factors, in determining which broker-dealer to select or recommend and therefore may have an incentive to make such selection or recommendation on factors unrelated to a client's interest in receiving most favorable execution.

The Adviser may cause Clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), resulting in higher transaction costs for such Clients. Such soft dollar benefits may be used to service all Clients, and not just those Clients that paid for the benefits. Conversely, a Client may not receive a soft dollar benefit

event though such benefits are paid for with soft dollar credits generated, all or in part, in connection with such Client's trading activities.

In some instances, the Adviser may obtain a product or service that is used, in part, by the Adviser for Section 28(e) eligible purposes and, in part, for other purposes (i.e. a "mixed use" item). In such instances, the Adviser will make a good faith effort to determine the relative proportion of the product or service used to assist the Adviser in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). The proportion of the product or service attributable to assisting the Adviser in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by client transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by the Adviser from its own resources or by Clients if it is a Client expense. The determination of the appropriate reasonable allocation of "mixed use" products and services creates a potential conflict of interest between the Adviser and clients.

From time to time the Adviser may participate in capital introduction programs arranged by broker-dealers, including firms that serve as prime brokers to Clients or recommend the Adviser or the Funds. The Adviser may place portfolio transactions for Clients with firms who have made such recommendations or provided capital introduction opportunities, if the Adviser determines that it is otherwise consistent with seeking best execution. In no event will the Adviser select a broker-dealer as a means of remuneration for recommending the Adviser or any Funds managed by the Adviser (or an affiliate) or affording the Adviser with the opportunity to participate in capital introduction programs.

#### Trade Aggregation

It is the Adviser's policy, whenever possible, to aggregate a Client's securities and commodity futures transactions with those of other clients that are being made simultaneously, if the Adviser believes aggregation is reasonably likely to result in an overall economic benefit to its clients in the aggregate. The Adviser will not aggregate orders unless doing so is consistent with its duty to seek best execution. Instances in which Client orders may not be aggregated include, but are not limited to, the following:

- The Adviser determines that the aggregation is not appropriate because of tax, legal, regulatory or administrative reasons;
- A particular Client's investment strategy imposes restrictions that would prevent the Adviser from aggregating the order with other clients; and
- The transactions must be effected at different times or prices, making aggregation unfeasible.

In such instances, Clients may receive less favorable prices or incur increased transaction costs than would have been the case if such transactions were aggregated.

When aggregating orders, all Clients will be treated in a fair and equitable manner. Each participating client will pay its proportionate share of the total commission and pay or receive its proportionate share of the total cost or sales proceeds. To address allocation of "split fills" (i.e., transactions filled at different prices throughout the trading day) or "partial fills" (i.e., transactions not filled in their entirety on the same trading day), accounts will participate on a pro rata basis, based on the account's planned participation in such order, using an average share price for the trading day in question.

Due to the nature of the strategy, accounts managed pursuant to the Special Opportunities Strategy often will not participate in transactions executed pursuant to the Main Strategy. Moreover, due to the nature of the strategy, trades placed in connection with the Special Opportunities Strategy will often not be made simultaneous with the Main Strategy, but, rather may follow trading for the Main Strategy. There will also be instances in which a transaction will only be executed on behalf of the Special Opportunities Strategy. For example, the Special Opportunities Strategy Adviser may need to "ramp up" a position in the Special

Opportunities Strategy for which accounts managed pursuant to the Main Strategy have already achieved their target allocation. As a result of the foregoing, accounts managed pursuant to the Special Opportunities Strategy may incur materially different transaction costs or receive materially different prices than accounts managed pursuant to the Main Strategy. In addition, there may be times when the Adviser may buy (or sell) a security for the Special Opportunities Strategy while simultaneously selling (or buying) the same security for the Main Strategy. Accordingly, it is possible that the investment activities or strategies used for certain Clients (including, purchases and sales in a particular position) could conflict with the investment activities and strategies employed, or positions held, by another Client, and affect the prices of the financial instruments in which such Client invests.

#### Valuation

The Adviser has adopted and implemented policies and procedures to value the asset classes held by the Funds. In addition, the Adviser coordinates the valuation of the Funds with the administrator who performs certain administrative, accounting, registrar and transfer agency services for the Funds.



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**Item 13. Review of Accounts**

The portfolio manager of the Adviser regularly reviews Clients' portfolios with regard to investment objectives and the suitability of the investments used to meet such objectives. The Adviser's back office reconciles and reviews all portfolio activity and generates portfolio reports on a daily basis to ensure accuracy of all securities, quantities and prices contained therein.

Investors in the Funds generally receive an unaudited monthly report and quarterly letter from the Adviser documenting the performance of the Fund(s) in which they invest. In addition, the Adviser distributes copies of the audited financial statements of the Funds at least annually to investors for the Funds in which they invest, generally within 120 days after the end of the period to which the audit relates. The Adviser also distributes tax reports as promptly as practicable after the end of each fiscal year to investors in the U.S. Fund.

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**Item 14. Client Referrals and Other Compensation**

The Adviser does not receive economic benefits from non-clients for providing investment advice and other advisory services. There are no sales charges payable to the Adviser in connection with the offering of interests and shares in the Funds. The Adviser does not use placement agents, solicitors or other third parties for client referrals. The Adviser is not currently a party to any placement agent agreement providing for compensation to be paid to third parties for marketing interests in the Funds.

As described in Item 12, the Adviser receives certain research or other products or services from broker-dealers through “soft-dollar” arrangements. Please see Item 12 for further information on the Adviser’s “soft-dollar” practices, including the Adviser’s procedures for addressing conflicts of interest that arise from such practices.

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**Item 15. Custody**

The Adviser is subject to Rule 206(4)-2 under the Advisers Act (the “Custody Rule”). The Adviser is deemed to have custody over the Funds. However, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to each of the Funds because it complies with the provisions of the so-called “Pooled Vehicle Annual Audit Exception”, which, among other things, requires that each of the Funds 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 of the Funds distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

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**Item 16. Investment Discretion**

The Adviser provides investment advisory services on a discretionary basis to its Clients. The Adviser has full discretionary authority to manage Client accounts, including authority to make decisions with respect to which securities are purchased and sold for Clients, 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. The Adviser's authority is limited by its own internal policies and procedures and each Client's Governing Documents.

If it appears that a trade error has occurred, the Adviser will review the relevant facts and circumstances (and the applicable standard of liability in the relevant client agreement) to determine an appropriate course of action. To the extent that trade errors occur, the Adviser's error correction procedure is to ensure that clients are treated fairly. The Adviser has discretion to resolve a particular error in any appropriate manner that is consistent with the above stated policy. In the event that a Client incurs a trade error resulting in a loss as a result of the Adviser's gross negligence, willful misconduct, or fraud, the Adviser will seek to correct such trade error in a manner such that the Client incurs no loss. Losses arising from trade errors that result from circumstances other than by breach of the standard of care above will be borne by the relevant Client(s). All gains resulting from trade errors will be retained by Clients.

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**Item 17. Voting Client Securities**

The Adviser is subject to Rule 206(4)-6 under the Advisers Act, which requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies. The Adviser has adopted proxy voting policies and procedures (the "Proxy Voting Policies").

To the extent the Adviser has been delegated proxy voting authority on behalf of its Clients, the Adviser complies with its proxy voting policies and procedures that are designed to ensure that in cases where the Adviser votes proxies with respect to client securities, such proxies are voted in the best interests of its clients. In fulfilling its obligations to Clients, the Adviser endeavors to act in a manner that will enhance the economic value of the underlying securities held by each Client.

To assist the Adviser in its responsibilities for voting proxies, an unaffiliated, third party proxy voting services firm has been retained as an expert in the proxy voting and corporate governance area. The Adviser's Chief Compliance Officer and Portfolio Manager have reviewed and approved proxy paper guidelines prepared by the proxy voting services firm and its designees, and have determined that these guidelines accurately reflect the Adviser's objective standards in voting proxies.

The Adviser will generally vote proxies based upon the recommendations of the proxy voting services firm consistent with the proxy paper guidelines; however, the Adviser will exercise its own judgment on a case-by-case basis and may override any recommendation of the proxy voting services firm that it does not believe is in the best interest of its clients. In the event the Adviser fails to instruct the proxy voting services firm on how to vote a proxy, the proxy voting services firm is directed to vote in accordance with its recommendations. In addition, the Adviser's proxy voting policies and procedures include guidelines regarding: (i) the process in place to override a vote recommendation from the proxy voting services firm; (ii) responsibilities of certain parties with regard to the proxy voting process; (iii) how material conflicts of interest are resolved to ensure that all proxies are voted in the best interests of clients; and (iv) maintenance of certain books and records related to the proxy voting process.

Individual investors in the Funds are not permitted to direct the Adviser on how to cast a proxy vote in a particular solicitation.

If a material conflict of interest between the Adviser and its Clients exists with respect to voting proxies, the Adviser will determine whether voting in accordance with the guidelines set forth in the Proxy Voting Policies is in the best interests of each Client.

Clients may request a copy of the Adviser's Proxy Voting Policies by contacting the Adviser at the address or telephone number listed on the first page of this Brochure.

The Adviser generally does not participate in class action lawsuits involving securities held in Client accounts.

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**Item 18. Financial Information**

The Adviser is not required to include a balance sheet because the Adviser 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.