

**ITEM 1
COVER PAGE**

PART 2A OF FORM ADV: FIRM BROCHURE

COMPASS ROSE ASSET MANAGEMENT, LP

March 31, 2024

Compass Rose Asset Management, LP
900 Third Avenue
Suite 1801
New York, New York 10022
Tel: (212) 888-1433
Fax: (212) 888-1033

This brochure (this "Brochure") provides information about the qualifications and business practices of Compass Rose Asset Management, LP ("Compass Rose"). If you have any questions about the contents of this brochure, please contact us at (212) 888-1433. 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.

Additional information about Compass Rose Asset Management, LP also is available on the SEC's website at www.adviserinfo.sec.gov.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

ITEM 2

MATERIAL CHANGES

This is Compass Rose’s annual amendment to its Brochure submitted with its updated Form ADV application for registration with the SEC as of March 31, 2024. The following sections of Compass Rose’s Brochure contain “material changes”:

- Item 4 Advisory Business – In December 2023, the Convexity Metric Funds’ investors submitted full redemptions for year-end. Given our strong relationship with this Fund of One investor, and their desire to pivot to another idea/theme depending on the market backdrop, we expect that new investment opportunities will emerge, thus the vehicles remain open to accept new capital.
- Item 5 Fees and Compensation – The General Partner (Compass Rose Ice Age GP LLC) to the onshore Convexity feeder will remain registered as we expect to raise capital as per above in Item 4.

We may, at any time, update this Brochure and send a copy to you with a summary of material changes, or send you only a summary of material changes that includes an offer to send you a copy of the full Brochure, either by electronic means (email) or in hard copy form.

If you would like another copy of this Brochure, please download it from the SEC website as indicated above or contact us at (212) 888-1433.

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ITEM 4

ADVISORY BUSINESS

Compass Rose Asset Management, LP (“Compass Rose”) was legally formed in September 2017. The firm’s headquarters is located in New York, New York. The principal ultimate owners of Compass Rose are Brian Riano, Sean Fahey, and Jason Roche. Compass Rose is an investment adviser registered with the SEC. Compass Rose serves as the investment adviser for two private pooled investment vehicles (the “Funds”) that is offered to investors on a private placement basis and certain separately managed accounts. In this document, references to Compass Rose’s “Clients” include the Funds and any other separately managed accounts that Compass Rose is engaged to manage, as applicable. Unless otherwise expressly stated herein, the term “Clients” does not include investors. The Funds may be structured as Delaware limited partnerships, Cayman Islands exempted limited partnerships and/or Cayman Islands exempt limited companies.

Compass Rose currently provides investment advisory services to the following Funds:

Claren Road Credit Partners, LP, a Delaware limited partnership (the “Onshore Credit Fund”); Claren Road Credit Fund, Ltd., an exempted company organized and existing under the laws of the Cayman Islands (the “Offshore Credit Fund” and with the Onshore Credit Fund, the “Credit Feeder Funds”); and Claren Road Credit Master Fund, Ltd., an exempted company organized and existing under the laws of the Cayman Islands (the “Credit Master Fund”, and together with the Onshore Credit Fund and the Offshore Credit Fund, the “Credit Funds”). Both Credit Feeder Funds invest all of their assets in the Credit Master Fund. Compass Rose GP, LLC (the “General Partner”), a Delaware limited liability company and an affiliate of Compass Rose, serves as the general partner of the Onshore Credit Fund.

The Credit Feeder Funds shall be collectively referred to herein as “Feeder Funds”.

Compass Rose also currently serves as investment adviser to three separately managed accounts.

Compass Rose makes investments for the Credit Master Fund in accordance with the investment objectives and guidelines as set forth in the offering memorandum of the Onshore Credit Fund and Offshore Credit Fund, respectively, and such investments consist primarily of fixed income instruments and their derivatives, including bonds, loans and convertibles, as well as private instruments.

Compass Rose does not expect to participate in any wrap fee programs.

Compass Rose manages on a discretionary basis approximately \$12,351,533,040 of regulatory assets under management as of December 31, 2023.

Compass Rose will not manage any assets on a non-discretionary basis.

ITEM 5

FEES AND COMPENSATION

Compass Rose, Compass Rose Asset Management GP, LLC, and a Delaware limited liability company that serve as the general partner of Compass Rose (“Compass Rose GP”) and/or the general partner of a Fund, will receive management fees and performance fees or incentive allocations from its Clients.

Compass Rose, its affiliates and equity owners, and certain of their respective professionals and employees, may invest in or alongside the Funds. Fees assessed or profit allocations on such investments may be substantially reduced or, as is more typical, waived altogether for these investors.

Performance fees or carried interest profit allocations are subject to regulation under Rule 205-3 under the Advisers Act. Therefore, Compass Rose seeks to ensure that Clients, including investors in the Funds that are directly or indirectly assessed performance fees or are subject to carried interest profit allocations satisfy the qualifications of Rule 205-3 under the Advisers Act and have been advised of such fees or allocations and their risks. Accordingly, the fees applicable to each Client will be set forth in detail in each Fund’s offering documents. Similarly, the fees applicable to any separately managed accounts will be set forth in detail in a managed account agreement entered into between Compass Rose, on the one hand, and the separately managed account, on the other hand. A brief summary of such fees is provided below.

1. Management Fee

Generally, each Client will pay Compass Rose a fee for investment advisory services (the “Management Fee”) for each fiscal quarter ranging from 0% (0% per annum) to 0.4375% (1.75% per annum) of the beginning net asset value of each investor’s capital account for such fiscal quarter. The Management Fee will be calculated and paid at the beginning of each quarter.

The Management Fee will be prorated for any period that is less than a full quarter and will be adjusted for contributions made during the quarter. Compass Rose and/or the governing body of the Funds may waive or modify the Management Fee with respect to certain investors.

2. Performance Compensation

Incentive Allocation

Generally, at the end of each fiscal year, or such other period as may be specified in the operative documents for a particular class of investors, the general partner of a Fund (each a “Fund GP”), expects to be entitled to an incentive allocation (the “Incentive Allocation”) in an amount equal to between 15% and 30% of the net capital appreciation (which includes both realized gains and losses and unrealized appreciation and depreciation of securities held in the Fund’s portfolio) allocated to an investor’s capital account for such fiscal year, or such other period as may be specified in the operative documents for a particular class of investors, after deducting the Management Fee debited to such investor’s capital account for such fiscal year, subject to a loss carry-forward mechanism.

In the event that a Fund is terminated, or an investor withdraws from that Fund other than at the end of a fiscal year or such other period as may be specified in the operative documents for a particular class of investors, then for purposes of determining the Incentive Allocation allocable at such time to that Funds GP, net capital appreciation will be determined as if such dates were the end of the fiscal year or such other period as may be specified in the operative documents for a particular class of investors, subject to certain adjustments. The Funds GP may waive or modify the Incentive Allocation with respect to certain investors.

Incentive Fee

Generally, at the end of each fiscal year, or such other period as may be specified in the operative documents for a particular class of investors, Compass Rose expects to be entitled to an incentive fee (the "Incentive Fee", and together with the Incentive Allocation, the "Performance Compensation") in an amount equal to between 15% and 30% of the net realized and unrealized appreciation in the net asset value of each series of shares, adjusted for any redemption of shares in the series made during the year and any accruals of the Incentive Fee and subject to a loss carry-forward mechanism.

In the event that shares are redeemed other than at the end of a fiscal year, or such other period as may be specified in the operative documents for a particular class of investors, the Incentive Fee will be computed and paid as though the redemption date were the last day of the fiscal year or such other period as may be specified in the operative documents for a particular class of investors. The board of directors of both onshore and offshore Funds, with the consent of Compass Rose, may waive or modify the Incentive Fee with respect to certain investors.

The Funds will have the right to issue additional subclasses and tranches of shares with differing fee terms.

3. Separately Managed Accounts

As of the date of this Brochure, Compass Rose is also providing investment management services to three separately managed account, and may in the future directly advise additional separately managed accounts.

Fees for separately managed accounts are negotiable and will not be based on a fixed fee schedule. Such fees are expected to be based on factors specific to the applicable managed account and the applicable client's preferences, including without limitation, the investment strategy to be utilized, the investment restrictions imposed, the perceived risk/return of the instruments expected to be traded, the level of assets in the managed account, and the required and/or anticipated term of the managed account arrangements. Fees for separately managed accounts may include either management fees based on an agreed-upon percentage of the assets in the managed account or performance fees based on an agreed-upon percentage of the net returns of the managed account, or both management and performance fees.

Compass Rose anticipates being paid a management fee, payable quarterly in advance as of the first business day of each calendar quarter. The incentive fee charged to Clients

which are separately managed accounts will be calculated and payable annually in arrears as of the last business day of each calendar year.

4. Expenses

Compass Rose is responsible for and will pay or cause to be paid overhead expenses, including: office rent; utilities; furniture and fixtures; stationery; secretarial/ internal administrative services; compensation; entertainment expenses; employee insurance and payroll taxes. All other expenses will be paid by the Clients and will include, as applicable: fees payable to Compass Rose; legal, compliance, audit, accounting (including third party accounting services) and administrator (including middle/back office services) fees and expenses; organizational expenses; investment expenses such as commissions, research fees and expenses (including research-related travel); market data fees; interest on margin accounts and other indebtedness; borrowing charges on securities sold short; custodial fees; Fund-related insurance costs; the Feeder Funds pro rata share of the expenses of the Credit Master, respectively; as applicable, and any other expenses related to the purchase, sale or transmittal of the Funds assets which may include Bloomberg terminals and development costs for the Funds internal operations and portfolio management system.

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

The payment of Performance Compensation may cause Compass Rose to make investments that are riskier or more speculative than would be the case if Performance Compensation were not made. Since Performance Compensation will be calculated on a basis that includes unrealized appreciation of assets, such Performance Compensation may be greater than if it were based solely on realized gains.

Many of the Clients have investment programs that are similar to or overlap with each other, and may, therefore, participate with each other in investments. In the allocation of investment opportunities, performance-based fee/allocation arrangements could create an incentive to favor Clients that have greater performance fee/allocation arrangements over other Clients that have lesser or no performance fee/allocation arrangements. Investment decisions and allocations are made in accordance with the Advisers' Investment Allocation Policy and Procedures ("Investment Allocation Policy"), as such Investment Allocation Policy is in effect at the time of such decision or allocation. The Investment Allocation Policy is designed to ensure that all Clients are treated fairly and equitably to prevent this form of potential conflict from influencing the allocation of investment opportunities among them.

ITEM 7
TYPES OF CLIENTS

The Funds to whom Compass Rose provides investment advice are pooled investment vehicles, interests in which are offered to investors on a private placement basis, as described above. As of the date of this Brochure, Compass Rose also provides investment management services to three separately managed accounts, as described above, and may in the future directly advise additional separately managed accounts.

ITEM 8

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis and Investment Strategies

The investment strategies, methods of analysis, and risks applicable to the Funds managed by Compass Rose are summarized below and further provided in each of the Feeder Funds respective offering document. Managed Account strategies will be detailed in other offering documents of such Clients.

Compass Rose's objective is to follow an opportunistic, credit-focused investment strategy designed to preserve capital and provide uncorrelated risk adjusted returns through active management in all parts of the cycle through a disciplined investment approach. Compass Rose utilizes an opportunistic long/short credit strategy accompanied with event-driven and capital structure arbitrage sub-strategies through investment in fixed-income securities and other related financial instruments across global markets. Compass Rose seeks to take advantage of market opportunities by actively trading mainly credit instruments to capture value across the capital structure and asset classes and to also attempt to mitigate the structural drag imbedded in the Benchmark CDX Index in stable to rallying markets.

When deploying capital, Compass Rose examines each investment by holistically, through the prism of its trading-driven investment culture where the portfolio turns over regularly. Compass Rose analyzes corporate fundamentals while considering overall market conditions and assessing macroeconomic aspects such as geopolitical risks, which are reviewed continuously.

Compass Rose seeks to evaluate technical factors including supply and demand, market expectations surrounding the issuer, and the existence of short and long term catalysts to determine an investment's value. This is usually coupled with analysis of the investment merits of an issuer, its securities and other instruments based on, but not limited to the following (where applicable): market valuation of an issuer's securities; outlook for the industry in which an issuer operates; asset quality, particularly in stressed or distressed situations; credit metrics such as cash flow ratios, earnings, and overall balance sheet strength; and capital structure, debt maturities, bond indentures and related covenant protections.

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

The following does not purport to be a complete list or explanation of the risks involved in an investment in the Funds or accounts to be managed by Compass Rose. These risk factors include only those risks that Compass Rose believes are material, significant or unusual and relate to particular investment strategies to be employed by Compass Rose. Prior to making any investment in the Funds, investors should carefully review the offering documents for a more complete description of the risk factors and conflicts of interest relating to such Funds.

1. Broad Discretion as to Nature of Investments

Compass Rose has broad discretion in making investments for the Funds. Investments will generally consist of fixed income instruments and other assets that may be affected by business, financial market or legal uncertainties. There can be no assurance that Compass Rose will correctly evaluate the nature and magnitude of the various factors that could

affect the value of and return on investments. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Funds activities and the value of its investments. In addition, the values of the Funds portfolios may fluctuate as the general level of interest rates fluctuates. No guarantee or representation is made that the Funds investment objectives will be achieved.

2. Arbitrage Transaction Risks

Arbitrage strategies attempt to take advantage of perceived price discrepancies of identical or similar financial instruments, on different markets or in different forms. Examples of arbitrage strategies include event-driven arbitrage, merger arbitrage, capital structure arbitrage, convertible arbitrage, fixed income or interest rate arbitrage, statistical arbitrage, relative value arbitrage, debt spread arbitrage and index arbitrage. Compass Rose may employ any one or more of these arbitrage strategies. If the requisite elements of an arbitrage strategy are not properly analyzed, or unexpected events or price movements intervene, losses can occur which can be magnified to the extent the Funds are employing leverage. Moreover, arbitrage strategies often depend upon identifying favorable “spreads”, which can also be identified, reduced or eliminated by other market participants.

3. Competition for “Relative Value” and “Event Driven” Investments

Relative value and event driven trading is extremely competitive. The Funds will compete with a large number of firms, many of which have substantially greater financial resources as well as larger research and trading staffs than are available to the Funds. Competitive investment activity by other firms may reduce the Funds opportunity for profit by reducing the magnitude as well as the duration of the market inefficiencies which it seeks to exploit.

4. Non-Diversification

It is anticipated that the Funds portfolios may be relatively concentrated with respect to types of investments. Accordingly, the investment portfolios of the Funds may be subject to more rapid change in value than would be the case if the Funds was required to maintain a wider diversification among types of investments, issuers and geographic areas.

5. Activist Strategy

As the Funds investment strategies intends to involve, in some cases, aggressive creditor or shareholder activism that will attempt to influence the destinies of target companies, there exists the risk that the intended strategy for a particular company will be unsuccessful, and losses could on some, and potentially all of the investment could occur. Further, when securities are purchased in anticipation of influencing the future direction of a company, a substantial period of time may elapse between the Funds purchase of the securities and the anticipated results. During this period, a portion of the Funds capital will be committed to the securities purchased, and the Funds typically might finance some portion of such purchases with borrowed funds on which the Funds must pay interest. Moreover, there may be instances where the Funds will be restricted in transacting in or redeeming a particular investment as a result of its activist investment strategy.

Moreover, as a result of the Funds proposed investment strategy and the possibility that the Funds may participate in restructuring or similar activities, it is possible that the Funds may

become involved in litigation (as either plaintiff or defendant). Litigation entails legal and other expenses, which the Funds will bear. Litigation also entails the possibility of counterclaims against the Funds and ultimately judgments may be rendered against the Funds, for which the Funds may not carry insurance.

6. Control Positions

To the extent that the Funds own a controlling stake in, have representatives on a board of directors of, or are deemed an affiliate of, a particular company, it may be subject to certain additional securities laws restrictions which could affect the Funds abilities to make additional investments, as well as the liquidity of the Funds interests and the Funds abilities to liquidate their interests without adversely impacting the stock price. These restrictions include insider trading restrictions, the affiliate sale restrictions of Rule 144 of the Securities Act of 1933, as amended, and the disclosure requirements of Sections 13 and 16 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). In addition, to the extent that affiliates of the Funds or Compass Rose are subject to such restrictions, the Funds, by virtue of their affiliation with such entities, may be similarly restricted, regardless of whether the Funds stands to benefit from such affiliate’s stock ownership.

If the Funds, alone or as part of a group acting together for certain purposes, become the beneficial owner of more than 10% of certain classes of securities of a U.S. public company or place a director on the board of directors of such a company, the Funds may be subject to certain additional reporting requirements and to liability for short-swing profits under Section 16 of the Exchange Act. Furthermore, the Funds may also be subject to similar reporting requirements in non-U.S. jurisdictions where they hold significant positions in the securities of public companies in such jurisdictions.

7. Use of Leverage

The Funds may utilize leverage. This results in the Funds controlling substantially more assets than the Funds have equity. Leverage increases the Funds returns if the Funds earn a greater return on investments purchased with borrowed funds than the Funds costs of borrowing such funds. However, the use of leverage exposes the Funds to additional levels of risk, including (a) greater losses from investments than would otherwise have been the case had the Funds not borrowed to make the investments, (b) margin calls or interim margin requirements which may force premature liquidations of investment positions and (c) losses on investments where the investment fails to earn a return that equals or exceeds the Funds costs of borrowing such funds. In the event of a sudden, precipitous drop in value of the Funds assets, the Funds might not be able to liquidate assets quickly enough to repay their borrowings, further magnifying the losses.

8. Interest Rate Risk

The Funds are subject to interest rate risk. Generally, the value of fixed income instruments will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income instruments tends to decrease. Conversely, as interest rates fall, the market value of fixed income instruments tends to increase. This risk will be greater for long-term securities than for short-term securities. Compass Rose intends to try to minimize the exposure of the portfolios to interest rate changes through the use of U.S. government securities, other sovereign securities and their derivatives. However, there can be no

guarantee that Compass Rose will be successful in fully mitigating the impact of interest rate changes on the portfolios.

9. Portfolio Turnover

The investment strategy of the Funds may require Compass Rose to actively trade the Funds portfolio, and as a result, turnover and brokerage commission expenses of the Funds may significantly exceed those of other investment entities of comparable size.

10. Derivatives Regulation

Swaps and other derivatives instruments are subject to legal, tax and market uncertainties. As a result of the Dodd-Frank Wall Street Reform and Consumer Protection Act passed in 2010, evolving regulatory requirements govern swaps and other derivatives. In addition, there is limited case law characterizing swaps and other derivatives, interpreting their provisions or characterizing their tax treatment. There can be no assurance that new and additional regulatory requirements governing swaps and other derivatives or future court decisions construing provisions in, or provisions similar to those in, any swap agreement or related documents will not have a material adverse effect on the investments.

11. Short Sales

Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on the Funds portfolio. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.

C. Risks Associated with Particular Types of Investments

1. Illiquid Investments

The Funds invest in securities that are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, for such securities tend to be volatile and the Funds may not be able to sell them when they desire to do so or to realize what they perceive 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 do the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. These factors may adversely impact the liquidity of the Funds investment portfolio and the liquidity of an investor's investment in the Funds.

2. Convertible Securities

The Funds may invest in convertible securities, securities that may be exchanged or converted into a predetermined number of the issuer's underlying shares or the shares of another company or that are indexed to an unmanaged market index at the option of the holder during a specified time period. Convertible securities may take the form of convertible preferred stock, convertible bonds or debentures, stock purchase warrants, zero-

coupon bonds or liquid-yield option notes, stock index notes, mandatories, or a combination of the features of these securities. Prior to conversion, convertible securities have the same general characteristics as non-convertible debt securities. As with all debt securities, the market value of convertible securities tends to decline as interest rates increase and conversely, increase as interest rates decline. Convertible securities, however, also appreciate when the underlying common stock appreciates, and conversely, depreciate when the underlying common stock depreciates.

3. Special Situation Issuers

The Funds may invest in companies involved in (or that are the target of) acquisition attempts or tender offers or in companies involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security, the value of which will be less than the purchase price to the Funds of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Funds may be required to sell the investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the Funds may invest, there is a potential risk of loss by the Funds of their entire investment in such companies.

4. High Yield Securities

The Funds may invest in “high yield” bonds and preferred securities which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower rating categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominately speculative with respect to the issuer’s capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those for higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.

5. Distressed Investments

The Funds may invest in “distressed” securities, claims and obligations of domestic and foreign entities which are experiencing significant financial or business difficulties. Investments may include loans, commercial paper, loan participations, trade claims held by trade or other creditors, stocks, partnership interests and similar financial instruments, executory contracts and options or participations therein not publicly traded. Distressed investments may result in significant returns to the Funds, but also involve a substantial degree of risk. The Funds may lose a substantial portion or all of their investment in a distressed environment or may be required to accept cash or securities with a value less

than the Funds investment. Among the risks inherent in investments in entities experiencing significant financial or business difficulties is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by state and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims. The market prices of such instruments are also subject to abrupt and erratic market movements and above average price volatility, and the spread between the bid and asked prices of such instruments may be greater than normally expected. In trading distressed instruments, litigation is sometimes required. Such litigation can be time-consuming and expensive, and can frequently lead to unpredicted delays or losses. Moreover, to the extent that the Funds invests in distressed sovereign debt obligations, the Funds will be subject to additional risks and considerations not present in private distressed securities, including the uncertainties involved in enforcing and collecting debt obligations against sovereign nations, which may be affected by world events, changes in U.S. foreign policy and other factors outside of the control of Compass Rose.

6. Structured Finance Securities

The Funds may invest in structured finance securities such as, for example, equipment trust certificates, collateralized debt obligations, collateralized mortgage obligations, collateralized bond obligations, collateralized loan obligations or similar instruments. Structured finance securities may present risks similar to those of the other types of investments in which the Funds may invest and, in fact, such risks may be of greater significance in the case of structured finance securities. Moreover, investing in structured finance securities may entail a variety of unique risks. Among other risks, structured finance securities may be subject to prepayment risk. In addition, the performance of a structured finance security will be affected by a variety of factors, including its priority in the capital structure of the issuer thereof, the availability of any credit enhancement, the level and timing of payments and recoveries on and the characteristics of the underlying receivables, loans or other assets that are being securitized, remoteness of those assets from the originator or transferor, the adequacy of and ability to realize upon any related collateral and the capability of the servicer of the securitized assets.

7. Loan Participations

The Funds may invest in corporate loans acquired through assignment or participations. In purchasing participations, the Funds will usually have a contractual relationship only with the selling institution, and not the borrower. The Funds generally will have no right directly to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set-off against the borrower, nor will they have the right to object to certain changes to the loan agreement agreed to by the selling institution. The Funds may not directly benefit from the collateral supporting the related secured loan and may not be subject to any rights of set-off the borrower has against the selling institution.

In addition, in the event of the insolvency of the selling institution, under the laws of the United States and the individual states, the Funds may be treated as a general creditor of such selling institution, and may not have any exclusive or senior claim with respect to the selling institution's interest in, or the collateral with respect to, the secured loan. Consequently, the Funds may be subject to the credit risk of the selling institution as well

as of the borrower. Certain loans or loan participations may be governed by the laws of a jurisdiction other than a United States jurisdiction, which may present additional risks as regards the characterization under such laws of such participation in the event of the insolvency of the selling institution or the borrower.

A number of judicial decisions have upheld judgments of borrowers against lending institutions on the basis of various evolving legal theories, collectively termed “lender liability.” Because of the nature of the assets in which the Funds may invest, which may include corporate loans, the Funds may be subject to allegations of lender liability. In addition, under common law principles that in some cases form the basis for lender liability claims, if a lender or bondholder (a) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower, (b) engages in other inequitable conduct to the detriment of such other creditors, (c) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (d) uses its influence as a stockholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors, a remedy called “equitable subordination.” Compass Rose cannot assure investors that lender liability claims will not be made against the Funds or that the Funds will not be subject to significant liability if a claim of this type is made.

8. Special Investment and Trading Risks

Special risks may be associated with the Funds investments in structured credit products, CDOs, CLOs, synthetic credit portfolio transactions and asset backed securities. For example, synthetic portfolio transactions may be structured with two or more classes of tranches that receive different proportions of the interest and principal distributions on a pool of credit assets. The yield to maturity of a tranche may be extremely sensitive to the rate of defaults in the underlying reference portfolio. A rapid change in the rate of defaults may have a material adverse effect on the yield to maturity. It is therefore possible that the Funds may incur losses on its investments in structured products regardless of the investments’ ratings by S&P or Moody’s. Additionally, the securities in which Compass Rose is authorized to invest include securities that are subject to legal or contractual restrictions on their resale or for which there is a relatively inactive trading market. Securities subject to resale restrictions may sell at a price lower than similar securities that are not subject to such restrictions.

The valuation of CDO tranches is more complicated than the analysis of other fixed income instruments due to complexities related to the quantification of future default and recovery rates of pool credits and the correlations of these factors in the pool. Within the CDO, the sensitivity to default and recovery rates varies among tranches. Some tranches may be more or less sensitive than the underlying collateral. A CDO executed solely in derivative form, a synthetic portfolio swap, may be carved into different risk and payment contingency contracts with varying performance characteristics. The risks associated with each tranche or payment contingency may be different, and the valuation of each tranche is complex and technical since it is dependent upon such factors as sensitivity to diversity and the default rates of underlying credits, and the level of subordination.

9. Small to Medium Capitalization Companies

The Funds may invest a portion of –its assets in the stocks of companies with small-to medium-sized market capitalizations. While Compass Rose believes these investments often provide significant potential for appreciation, those stocks, particularly smaller-capitalization stocks, involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of such stocks are often more volatile than prices of large-capitalization stocks. In addition, due to thin trading in some such stocks, an investment in these stocks may be more illiquid than an investment of larger capitalization stocks.

10. High Growth Industry Related Risks

The Funds may have investments in the securities of high growth companies. These securities may be very volatile. In addition, these companies may face undeveloped or limited markets, have limited products, have no proven profit-making history, may operate at a loss or with substantial variations in operating results from period to period, have limited access to capital and/or be in the developmental stages of their businesses, have limited ability to protect their rights to certain patents, copyrights, trademarks and other trade secrets, or be otherwise adversely affected by the extremely competitive markets in which many of their competitors operate.

11. U.S. Government Securities

The Funds may invest in U.S. Government securities. Generally, these securities include U.S. Treasury obligations and obligations issued or guaranteed by U.S. Government agencies, instrumentalities or sponsored enterprises. U.S. Government securities also include Treasury receipts and other stripped U.S. Government securities, where the interest and principal components of stripped U.S. Government securities are traded independently. These securities are subject to market and interest rate risk. The Funds may also invest in zero coupon U.S. Treasury securities and in zero coupon securities issued by financial institutions, which represent a proportionate interest in underlying U.S. Treasury securities. A zero coupon security pays no interest to its holder during its life. The market prices of zero coupon securities generally are more volatile than the market prices of securities that pay interest periodically.

12. Sovereign and Non-U.S. Company Securities

The Funds may invest in the securities of sovereign governments and non-U.S. companies that are generally denominated in non-U.S. currencies and utilize options on non-U.S. securities. Such investing involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of the U.S. Government or U.S. companies. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the U.S., higher transaction costs, foreign government restrictions, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

13. Corporate Debt Obligations

Compass Rose may invest for the Funds in corporate debt obligations, including commercial paper. Corporate debt obligations are subject to the risk of an issuer's inability to meet principal and interest payments on the obligations (credit risk). Compass Rose may intend to actively expose the Funds to credit risk. There can be no guarantee that Compass Rose will be successful in fully mitigating the impact on the Funds of changes to such credit risk.

14. Options

The Funds may invest in options. The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation to either purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

15. Credit Derivatives

The Funds may invest in credit derivatives. Credit derivatives are contracts that transfer price, spread and/or default risks of debt and other instruments from one party to another. Such instruments may include one or more debtors. Payments under credit derivatives may be made during the exercise period of the contracts. Payments under many credit derivatives are triggered by credit events such as bankruptcy, default, restructuring, failure to pay, cross default or acceleration, etc. Such payments may be for notional amounts, actual losses or amounts determined by formula.

The market for credit derivatives is somewhat illiquid and there are considerable risks that it may be difficult to either buy or sell the contracts as needed or at reasonable prices. Sellers of credit derivatives carry the inherent price, spread and default risks of the debt instruments covered by the derivative instruments. Buyers of credit derivatives carry the risk of non-performance by the seller due to inability to pay. There are also risks with respect to credit derivatives in determining whether an event will trigger payment under the derivative and whether such payment will offset the loss or payment due under another instrument. In the past, buyers and sellers of credit derivatives have found that a trigger event in one contract may not match the trigger event in another contract, exposing the buyer or the seller to further risk.

16. Derivative Financial Instruments and Techniques

The Funds may utilize derivative financial instruments. The risks posed by such instruments and techniques, which can be extremely complex and may involve leveraging of the Funds assets, include: (a) credit risks (the exposure to the possibility of loss resulting from a counterparty's failure to meet its financial obligations); (b) market risk (adverse movements in the price of a financial asset); (c) legal risks (the characterization of a transaction or a party's legal capacity to enter into it could render the financial contract unenforceable, and the insolvency or bankruptcy of a counterparty could preempt otherwise

enforceable contract rights); (d) operations risk (inadequate controls, deficient procedures, human error, system failure or fraud); (e) documentation risk (exposure to losses resulting from inadequate documentation); (f) liquidity risk (exposure to losses created by inability to prematurely terminate the derivative); (g) system risk (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); (h) concentration risk (exposure to losses from the concentration of closely related risks such as exposure to a particular industry or exposure linked to a particular entity); and (i) settlement risk (the risk faced when one party to a transaction has performed its obligations under a contract but has not yet received value from its counterparty).

Use of derivatives and other techniques such as short sales involves certain additional risks, including (i) dependence on the ability to predict movements in the price of the securities hedged; (ii) imperfect correlation between movements in the securities on which the derivative is based and movements in the assets of the underlying portfolio; and (iii) possible impediments to effective portfolio management or the ability to meet short-term obligations because of the percentage of a portfolio's assets segregated to cover its obligations. In addition, by hedging a particular position, any potential gain from an increase in value of such position may be limited.

17. Hedging Transactions

Although the Funds may utilize a variety of financial instruments, such as derivatives, options, interest rate swaps, swaptions, caps and floors, futures and forward contracts generally for risk management purposes (the Funds may also utilize them for speculative purposes), there can be no assurances that a particular hedge is appropriate, or that a certain risk is measured properly. Further, while the Funds may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance and increased (rather than reduced) risk for the Funds than if they did not engage in any such hedging transactions. Moreover, the Funds will always be exposed to certain risks that cannot be hedged, such as credit risk (relating both to particular securities and counterparties). In addition, the Funds may choose not to enter into hedging transactions with respect to some or all of the Funds positions.

18. Synthetic Securities

In addition to credit risks associated with holding non-investment grade loans and high yield debt securities, with respect to synthetic securities, the Funds will usually have a contractual relationship only with the counterparty of such synthetic securities, and not the Reference Obligor on the Reference Obligation. A "Reference Obligor" is the obligor on a Reference Obligation. A "Reference Obligation" is the debt security or other obligation upon which the synthetic security is based. The Funds generally will have no right to directly enforce compliance by the Reference Obligor with the terms of the Reference Obligation nor any rights of off-set against the Reference Obligor, nor have any voting rights with respect to the Reference Obligation. The Funds will not benefit directly from the collateral supporting the Reference Obligation or have the benefit of the remedies that would normally be available to a holder of such Reference Obligation. In addition, in the event of insolvency of the counterparty, the Funds will be treated as a general creditor of such counterparty, and will not have any claim with respect to the credit risk of the counterparty or the Reference Obligor. As a result, concentrations of synthetic securities

in any one counterparty subject the Funds to an additional degree of risk with respect to defaults by such counterparty as well as by the Reference Obligor. Compass Rose will not normally perform independent credit analyses of a counterparty or any entity guaranteeing such counterparty, individually or in the aggregate.

19. Credit Default Swap Agreements

The Funds may invest in credit default swaps. A credit default swap is a contract between two parties which transfers the risk of loss if a company fails to pay principal or interest on time or files for bankruptcy. Credit default swaps can be used to hedge a portion of the default risk on a single corporate bond or a portfolio of bonds. In addition, credit default swaps can be used to implement Compass Rose's view that a particular credit, or group of credits, will experience credit improvement. In the case of expected credit improvement, the Funds may "write" credit default protection in which they receive spread income. The Funds may also "purchase" credit default protection even in the case in which they do not own the referenced instrument if, in the judgment of Compass Rose, there is a high likelihood of credit deterioration. The credit default swap market in high yield securities is comparatively new and rapidly evolving compared to the credit default swap market for more seasoned and liquid investment grade securities. Swap transactions dependent upon credit events are priced incorporating many variables including the pricing and volatility of the common stock, and potential loss upon default, among other factors. As such, there are many factors upon which market participants may have divergent views.

20. Futures and Forward Contracts

Trading in futures and forward contracts is a highly specialized activity, which, while it may reduce the Funds volatility, may entail greater than ordinary investment risks.

21. Real Estate Industry and REIT Risks

The Funds may invest in companies in the real estate industry and, therefore, may be subject to risks associated with the ownership of real estate assets, such as decreases in real estate values, overbuilding, increased competition and other risks related to local or general economic conditions, increases in operating costs and property taxes, changes in zoning laws, casualty or condemnation losses, possible environmental liabilities, regulatory limitations on rent and fluctuations in rental income. Equity REITs generally are exposed to these risks directly through fee or leasehold interests, whereas mortgage REITs generally are exposed to these risks indirectly through mortgage interests, unless the mortgage REIT forecloses on the underlying real estate.

REITs in which the Funds may invest may be affected by changes in underlying real estate values, which may have an exaggerated effect to the extent that REITs in which the Funds may invest may concentrate investments in particular geographic regions or property types. Additionally, rising interest rates may cause investors in REITs to demand a higher annual yield from future distributions, which may in turn decrease market prices for equity securities issued by REITs. Rising interest rates also generally increase the costs of obtaining financing, which could cause the value of the Funds investments to decline. During periods of declining interest rates, certain mortgage REITs may hold mortgages that the mortgagors elect to prepay, which prepayment may diminish the yield on securities issued by such mortgage REITs. In addition, mortgage REITs may be affected by the

ability of borrowers to repay when due the debt extended by the REIT and equity REITs may be affected by the ability of tenants to pay rent.

Certain REITs have relatively small market capitalizations, which may tend to increase the volatility of the market price of securities issued by such REITs. Furthermore, REITs are dependent upon specialized management skills, have limited diversification and are, therefore, subject to risks inherent in operating and financing a limited number of projects. REITs depend generally on their ability to generate cash flow to make distributions to investors. The Funds may also, to the extent deemed appropriate, make direct investments in real estate.

22. Cyber Security Breaches and Identity Theft

Compass Rose and its Clients' information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Compass Rose's and Clients' operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure or unauthorized disclosure of data could harm Compass Rose and Clients' reputation, subject any such entity and their respective affiliates to legal claims, increased costs, financial losses, data privacy breaches, regulatory intervention, and otherwise affect the their business and financial performance. The costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by other means.

23. Foreign Account Tax Compliance Act

The U.S. Foreign Account Tax Compliance Act (“FATCA”) requires certain entities in a broadly defined class of foreign financial institutions (“FFIs”) to comply with a complicated and expansive reporting regime or be subject to a 30% U.S. withholding tax on certain U.S. payments (and beginning in 2019, a 30% U.S. withholding tax on gross proceeds from the sale of certain U.S. stocks and securities). Non-U.S. entities which are not FFIs also must either certify they have no substantial U.S. beneficial ownership or certify certain information with respect to their substantial U.S. beneficial ownership or be subject to a 30% withholding tax on certain U.S. payments (and beginning in 2019, a 30% U.S. withholding tax on gross proceeds from the sale of certain U.S. stocks and securities). In general, these requirements apply to non-U.S. investment funds, such as any non-U.S. Compass Rose-sponsored investment vehicle advised by Compass Rose. Among other things, FATCA compliance requires FFIs to obtain and review appropriate due diligence information with respect to certain existing and prospective investors. In addition, the reporting obligations imposed under FATCA require FFIs to enter into agreements with the U.S. Internal Revenue Service (the “IRS”) to obtain and disclose information about certain investors to the IRS or, if subject to an intergovernmental agreement (an “IGA”), register with the IRS. Failure to comply with the preceding requirements could expose Compass Rose and its investors to a 30% U.S. withholding tax, which may discourage certain investors from investing in non-U.S. investment funds. Prospective investors in any Compass Rose-sponsored investment vehicle should consult their own tax advisors regarding all aspects of FATCA as it affects their particular circumstances.

In addition, the OECD has developed Common Reporting Standard (“CRS”) rules for the automatic exchange of FATCA-like financial account information amongst OECD member states. Like FATCA, CRS will impose certain due diligence, documentation and reporting requirements on various Compass Rose entities. While CRS does not contain a potential withholding requirement, non-compliance could subject Compass Rose to certain reputational harm along with monetary penalties.

24. Legal Framework and Corporate Governance

Laws and regulations of some countries may impose restrictions that would not exist in the United States, may lack certain protections provided by U.S. law or may not be fully or consistently enforced, particularly where the other party to a dispute is a local resident or entity. In addition, many countries provide inadequate legal remedies for breaches of contract, including settling disputes with local partners with whom the portfolio may enter into joint ventures. In addition, and in particular in light of the changing global regulatory climate, Clients may be required to register under certain foreign laws and regulations, and need to engage distributors or other agents in certain non-U.S. jurisdictions in order to market to potential investors, which may generally limit a Client’s ability to raise capital and/or increase the costs and expenses borne by the investors in such Clients.

25. Highly Competitive Market for Investment Opportunities

The activity of identifying, completing and realizing attractive investments is highly competitive and involves a high degree of uncertainty. Clients face competition from numerous competitors in all fields of activity. Clients will be competing for investments with a variety of other investment vehicles, as well as individuals, financial institutions and other institutional investors. Additional funds with similar investment objectives may be formed in the future by other unrelated parties. There can be no assurance that Clients will be able to locate and complete investments which satisfy the investment objectives or that it will be able to invest fully its available capital.

26. Business, Terrorism and Catastrophe Risks

Clients will 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 such as a pandemic. These catastrophic risks of loss can be substantial and could have a material adverse effect on Compass Rose's business and Clients' portfolios including investments made by Compass Rose.

ITEM 9
DISCIPLINARY INFORMATION

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

ITEM 10
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Broker-Dealer Registration Status

Not applicable.

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

Compass Rose has filed to register with the CFTC as a commodity pool operator (“CPO”) and a Member of the National Futures Association (“NFA”). In connection with the CFTC registration and NFA membership, certain firm personnel of Compass Rose or its affiliates expect to be listed and/or registered, as appropriate, with the NFA as principals and/or associated persons of Compass Rose or its affiliates.

C. Material Relationships or Arrangements with Industry Participants

Not applicable.

D. Material Conflicts of Interest Relating to Other Investment Advisers

Not applicable.

ITEM 11
CODE OF ETHICS, PARTICIPATION OR INTEREST IN
CLIENT TRANSACTIONS AND PERSONAL TRADING

A. Code of Conduct

Compass Rose and its personnel abide by Compass Rose's Code of Ethics Policy (the "Code"). Among other things, the Code prescribes standards for dealing with clients ethically, addresses conflict of interest issues, and supplements personal trading and operating procedures. The Code provides guidance in specific areas, including but not limited to, confidentiality of Compass Rose information, personal investments, gifts and entertainment and personal political activities.

Clients and investors or prospective investors may request a copy of the Code by contacting Compass Rose at the address or telephone number listed on the first page of this document.

Further, Compass Rose has adopted additional written policies and procedures to account for the pay-to-play regulations promulgated by the SEC.

B. Securities in Which Compass Rose or a Related Person Has a Material Financial Interest

1. Cross Trades

It is not Compass Rose's general practice to cause one Client to sell securities to another Client. Should Compass Rose determine that it is advisable to engage in such a cross-trade, it will follow the processes and procedures it has adopted to: (i) ensure that the trade is in the respective best interest of the Funds; (ii) ensure that the transaction is consistent with the duty to seek best execution; (iii) determine the appropriate price at which to effect the transaction; and (iv) ensure that documentation is maintained of the rationale for the trade and consideration paid.

2. Principal Transactions

Compass Rose does not generally intend to act as principal to purchase securities or other instruments for itself from any Client or sell securities or other instruments it owns to any Client. Compass Rose has established policies and procedures to ensure that, in the event it determines to engage in such a principal transaction, it will do so in compliance with the requirements of the Advisers Act. Specifically, a principal trade will only be approved when Compass Rose can document: (i) the rationale for the principal trade and that it is in the best interests of the affected Clients; (ii) its determination that the trade is consistent with Compass Rose's duty to seek best execution; (iii) that Compass Rose's valuation procedures are followed in determining the appropriate price at which to effect the transaction; and (iv) the receipt of Client consent.

C. Investing in Securities that Compass Rose or a Related Person Recommends to Clients

The Code, together with policies and procedures to prevent insider trading applicable to Compass Rose and its personnel, place restrictions on personal trades by Compass Rose personnel, including that they disclose their personal securities holdings and transactions to

Compass Rose on a periodic basis. The Code also requires that Compass Rose personnel pre-clear certain types of personal securities transactions. It is the responsibility of all personnel to ensure that a particular securities transaction being considered for his or her personal account is not subject to a restriction contained in the Code or otherwise prohibited by any applicable laws.

Compass Rose, its affiliates and its personnel may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for Clients. These activities may adversely affect the prices and availability of securities or instruments held by or potentially considered for one or more clients. Potential conflicts also may arise due to the fact that Compass Rose and its personnel and affiliates may have investments in some Funds but not in others or may have different levels of investments in the various Funds.

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

D. Trade Aggregation and Allocation Policy

Compass Rose generally will aggregate trades, because it believes that doing so is consistent with its duty to seek best execution and to negotiate more favorable commission rates or other transaction costs than might be paid if the orders are placed independently. "Aggregation" describes a procedure whereby an investment adviser combines the orders of two or more Clients into a single order for the purpose of obtaining better prices and lower execution costs. Aggregation opportunities for Compass Rose generally arise when the Master Fund and the three separately managed accounts are capable of purchasing or selling a particular investment based on investment objectives, available cash and other factors. For example, if there is insufficient inventory with one broker, Compass Rose may seek to achieve best execution by placing distinct, smaller orders with multiple brokers. Compass Rose is not required to aggregate trades, but it must disclose to its Investors in its Form ADV its policies and procedures in this regard, including, if applicable, the consequences of not aggregating trades.

Each Client that participates in an aggregated order will participate at the same executed price for Compass Rose's transaction in that instrument, with transaction costs shared pro rata based on each Client's participation in the transaction.

When a Client trades in the same security or other instrument cannot be aggregated into a single order, portfolio managers and/or traders will direct the trades to the market in a way that seeks to best achieve equivalent treatment. Portfolio managers will review the execution prices for such trades for material deviations in pricing and should bring any such deviations promptly to the Compass Rose CCO.

Under Compass Rose's trade allocation policy, Compass Rose's portfolio managers or traders are responsible for trade allocations at the time a trade is executed. Trade allocation decisions are made in a manner that is both fair and equitable to all of its Clients in accordance with the

investment objectives of Compass Rose's Clients. Compass Rose will not allocate investment opportunities based on anticipated compensation or profits to Compass Rose, any affiliates or their professionals. If an investment is appropriate for both the Master Fund and a separately managed account(s), such trades would be allocated on a pro-rata basis.

In certain cases, a pro-rata allocation among clients in the same strategy is not appropriate or practicable. As a result, an account(s) will be excluded from a trade or receive less than a pro-rata allocation of a trade. A non-exhaustive list of considerations that may lead Compass Rose to deviate from a pro-rata allocation of a trade among accounts in the same strategy can be found in Compass Rose's compliance manual.

ITEM 12 BROKERAGE PRACTICES

A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions

Compass Rose is authorized to select brokers and dealers to execute securities transactions for the Funds. In selecting brokers and dealers, Compass Rose seeks to obtain best execution, taking into account quantitative and qualitative factors affecting the execution quality of transactions. Compass Rose need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. In selecting brokers and negotiating commission rates, Compass Rose will take into account the full range of the broker's services, including (i) financial stability of the broker; (ii) the broker's inventory and availability of the security in question; (iii) the size and type of the transaction; (iv) research (including economic forecasts, investment strategy advice, fundamental and technical advice on individual securities, valuation advice, and market analysis); (v) the operational facilities of the brokers and/or dealers involved (including back office efficiency); and (vi) other factors such as specific insight and analysis provided in support of a trade recommendation. Compass Rose maintains a list of approved brokers that it updates regularly.

On a quarterly basis, the Operating Committee reviews trading volume per broker-dealer, pricing, trading patterns and any additions to the trade error log. The committee also reviews potential conflicts of interest that may arise from gifts and entertainment received from, or family relationships with, broker-dealers.

1. Research and Other Soft Dollar Benefits

Soft dollar arrangements generally arise when an investment adviser obtains products and services, other than securities execution, from a broker-dealer in return for directing client securities transactions to the broker-dealer. Because soft dollar products and services are purchased with brokerage commissions (or mark-ups or mark-downs in the case of permitted riskless principal transactions by dealers), an investment adviser has a fiduciary obligation to ensure that the commissions (or mark-ups and mark-downs) generally are used for the benefit of its clients and that its clients are fully informed of the adviser's use of commissions (or mark-ups or mark-downs) to purchase soft dollar products.

The broker-dealers Compass Rose uses for its trade executions generally do not charge Compass Rose a separate fee for research and other services that they furnish to Compass Rose. While the continued provision of such services to Compass Rose is not conditioned on Compass Rose directing any particular level of transactions to these brokerage firms, such services are provided without separate charge in consideration of Compass Rose's use of such brokerage firms to execute transactions on behalf of the Funds. The research products or services provided to Compass Rose in such circumstances may be used to service all clients including ones other than those whose transactions were executed through the providing broker-dealers. Compass Rose receives a benefit in this instance because Compass Rose does not have to produce or pay for such research products or services, and Compass Rose may have an incentive to select or recommend a broker-dealer based on Compass Rose's interest in receiving such services rather than the Funds interest in receiving the most favorable execution. Compass Rose's policies and procedures address this conflict of interest by providing that Compass Rose may consider the value of proprietary research provided by a particular broker-

dealer when selecting broker-dealers to execute client transactions *consistent with* its duty to seek best execution.

Compass Rose is not, has not been and does not anticipate becoming a party to any formal soft dollar arrangements in which a part of the commission, mark-up or mark-down charged for trade execution is allocated toward payment for research or brokerage products or services provided by the executing broker-dealer or third parties on its behalf. If Compass Rose were to enter into any such arrangement, it would do so in compliance with the conditions of the safe harbor provided by Section 28(e) of the Exchange Act.

2. Brokerage for Client/Investor Referrals

While Compass Rose may consider, among other things, capital introduction and marketing assistance in selecting or recommending broker-dealers for the Funds if otherwise consistent with seeking best execution, Compass Rose will not commit to allocate a particular amount of brokerage to a broker-dealer in exchange for such capital introduction or marketing services.

3. Directed Brokerage

Compass Rose does not have directed brokerage arrangements with its Clients.

B. Trade Errors

If Compass Rose makes an error while placing a trade for a Client, Compass Rose will use its best efforts to break or otherwise correct the trade, and will mitigate losses as fully as possible. As a general matter, Compass Rose bears both the cost of correcting any error, and the cost of any uncorrectable error, if the error is the result of Compass Rose's gross negligence or willful misconduct. Lost opportunity cost is not a reimbursable loss for purposes of Compass Rose's trade errors policy.

Compass Rose generally will not engage in the netting of gains and losses between clients or the netting of gains and losses in the case of multiple trade errors resulting from more than one investment decision for the same client; however, it may net the gains and losses resulting from a series of transactions undertaken to correct one or more trade errors relating to a single investment decision.

In determining whether its personnel have violated the standard of care such that the Compass Rose is responsible for a loss resulting from a trade error, Compass Rose will have a conflict of interest between its economic interest and the interests of the Clients. Compass Rose's Chief Compliance Officer, in consultation with Compass Rose's Operating Committee, will be responsible for determining the resolution of, including whether Compass Rose is liable to a Client for, any trade error. Further details on this policy can be found in Compass Rose's compliance manual.

ITEM 13

REVIEW OF ACCOUNTS

The Funds are reviewed on a periodic basis by Compass Rose's Chief Compliance Officer, or an appropriate delegate, to determine whether they are being managed in a manner that is consistent with their investment objectives, guidelines and/or restrictions.

Compass Rose provides the investors in the Funds with monthly unaudited reports of the performance of the Funds and annual audited year-end financial statements within 90 days of the end of each fiscal year or as soon as practicable thereafter (but not later than within 120 days after the end of its fiscal year).

Compass Rose has engaged the Funds' administrator to support most of Compass Rose's middle-and-back office operations. The functions performed by the administrator include reconciliation, transfer agency, fund administration and some investor reporting for Compass Rose. Additionally, the administrator manages new investor documentation and performs anti-money laundering reviews on all accounts. The administrator also conducts pricing verification for securities and prepares monthly capital statements, which are approved by Compass Rose and distributed by the Funds' administrator.

Compass Rose also advises three separately managed accounts. These accounts are reviewed on a quarterly basis, and on a case-by-case basis as circumstances require as determined by the Adviser in its discretion, by Compass Rose's Director of Operations as well as the Chief Compliance Officer, or an appropriate delegate, to determine whether they are being managed in a manner that is consistent with their investment objectives, guidelines, and/or restrictions.

These separately managed accounts retain their own administrators to support all middle-and-back office operations. Although under no obligation, Compass Rose may in its sole discretion from time to time supplement reports sent by such separately managed account administrators.

ITEM 14
CLIENT REFERRALS AND OTHER COMPENSATION

Compass Rose does not receive economic benefits from non-clients for providing investment advice and other advisory services. Compass Rose may pay (or cause to be paid) fees to placement agents with respect to the sale of interests in the Funds. Any such fees will in no event be payable by or chargeable to the Funds or any investor or prospective investor, unless Compass Rose accords an offsetting credit or fee reduction.

ITEM 15

CUSTODY

With respect to the Funds, Compass Rose is deemed to have custody of client funds and securities because it has the authority to obtain client funds or securities, for example, by deducting advisory fees from a Client's account or otherwise withdrawing funds from a Client's account. Account statements related to the Clients are sent by qualified custodians to Compass Rose. With respect to separately managed accounts in general, Compass Rose does not have custody of the applicable Client's funds/assets and such Client's funds/assets are held in custody by unaffiliated qualified custodians.

Compass Rose is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). However, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to the Funds because it complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception" from the Custody Rule, which, among other things, requires that the Funds are 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 the Funds distribute its audited financial statements to all investors within 120 days of the end of its fiscal year. Further details on this policy can be found in Compass Rose's compliance manual.

ITEM 16
INVESTMENT DISCRETION

Compass Rose assumes discretionary authority to manage the Client accounts through the execution of investment management agreements with the Funds and separately managed accounts. Compass Rose has full discretionary authority with respect to investment decisions, and its advice with respect to the Funds and separately managed accounts is made in accordance with the investment objectives and guidelines applicable to the Funds and separately managed accounts.

ITEM 17

VOTING CLIENT SECURITIES

In compliance with Advisers Act Rule 206(4)-6, Compass Rose has adopted proxy voting policies and procedures.

As a general rule, the investment management agreements with the Funds and separately managed accounts delegate the power to vote such proxies to Compass Rose, although certain Clients, such as separately managed accounts, may retain proxy voting rights or issue guidelines with respect to the voting of such proxies by Compass Rose. Investors in Fund Clients do not have the ability to direct proxy votes.

All proxies Compass Rose receives will be sent to Compass Rose's Chief Compliance Officer or an appropriate delegate. The Chief Compliance Officer or delegate, together with the appropriate members of the middle office, will forward the proxy to the appropriate portfolio manager(s). Compass Rose will vote proxies in the best interests of each particular Client. The portfolio managers will bring any identified potential conflicts of interest between the interests of Compass Rose and its Clients or between Clients in connection with a proxy vote to the attention of the Chief Compliance Officer or delegate, who will review them. If a material conflict exists, Compass Rose's Operating Committee will determine how to vote, consistent with Compass Rose's duty to act in the best interests of its clients. Clients and investors in Fund Clients may obtain a copy of Compass Rose's complete proxy voting policies and procedures upon request. Clients and investors in Fund Clients may also obtain information from Compass Rose about how it voted any proxies on behalf of their account.

These policies and procedures apply to such separately managed account clients if Compass Rose has voting authority over such accounts. If Compass Rose does not have such authority, Compass Rose will forward to the managed account client any proxy voting materials it receives.

For the purposes of this policy, "proxy voting" shall include voting on proxy proposals, as well as proposed corporate actions such as amendments, consents, resolutions, plans of reorganization and restructurings, and other proxy-like written materials for which consent of investors or holders of an instrument is sought. Further details on this policy can be found in Compass Rose's compliance manual.

ITEM 18
FINANCIAL INFORMATION

Compass Rose 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.

ITEM 19
REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Not Applicable.