

ADV PART 2: Firm Brochure

Item 1 Cover Page

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Name of Investment Advisor: **AlphaBridge Capital Management LLC**

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This Brochure provides information about the qualifications and business practices of AlphaBridge Capital Management LLC. If you have any questions about the contents of this brochure, please contact us at 203-422-6610 and/ or firm@alphabridgecapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about AlphaBridge Capital Management LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

This brochure represents the first time we have used the SEC's new Form ADV Part 2. Much of the information called for by the Form is new and many of our responses, therefore, differ from those in previous versions of our Form ADV. The last version of our Form ADV part 2 was released in March of 2010. This brochure, because it is on the new Form, should be reviewed in its entirety.

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Item 4 Advisory Business

AlphaBridge Capital Management LLC, a Delaware limited liability company, has been in business since October 31, 2001. Our primary focus is to manage two private investment vehicles, AlphaBridge Fixed Income Fund, Ltd. and AlphaBridge Fixed Income Partners LP which we began to manage on February 1, 2011. These two investment vehicles have been our only clients since inception.

The principal owners are:

Thomas T. Kutzen

Our advisory clients are: (i) AlphaBridge Fixed Income Partners LP, a U.S. private investment partnership organized as a Delaware limited partnership of which, the Advisor is the sole general partner (the "Domestic Fund"); and (ii) AlphaBridge Fixed Income Fund, Ltd., an offshore private investment company organized as a Bermuda exempted company (the "Offshore Fund", and together with the Domestic Fund, the "Funds"). The investment objective of each Fund is to achieve a superior level of returns by investing in an actively managed, diversified portfolio consisting primarily of fixed income securities with an emphasis on mortgage-backed and U.S. Treasury securities. Each Fund is authorized to invest in a wide variety of securities and other instruments, in addition to fixed income securities, both for speculative and risk management purposes. The investment policies and approaches of each Fund are described in detail in a private offering memorandum, copies of which will be delivered to prospective investors of the Fund.

The investment portfolios of the Domestic Fund and the Offshore Fund are combined and invested in a common fund, AlphaBridge Fixed Income Master Fund, Ltd., organized as a Bermuda exempted company (the "Master Fund"), in what is commonly known as a "master-feeder" investment structure. Under this structure, all capital is invested in one of the two "feeders" (i.e., the Domestic Fund or the Offshore Fund), as appropriate, with each such Fund re-investing such capital into the Master Fund.

We offer separate account advisory services on a discretionary basis. We specialize in active portfolio management that focuses on, but is not limited to, Agency Mortgage Backed Securities (MBS), forward MBS agreements, Treasuries, options and futures on Treasuries, options and futures on MBS and Euro-dollar futures, repurchase agreements and reverse repurchase agreements.

We may tailor the advisory services to the individual needs of clients, if and to the extent outlined in the client's investment management agreement.

We do not participate in wrap fee programs.

As of March 1, 2011, we manage \$207,500,000 of client assets on a discretionary basis broken down as follows:

AlphaBridge Fixed Income Fund, Ltd.: \$200,300,000

AlphaBridge Fixed Income Partners LP: \$7,200,000

As of March 1, 2011, no client assets are managed on a non-discretionary basis.

Item 5 Fees and Compensation

We are compensated for advisory services by the Funds, as calculated by the fund's administrator CACEIS (Bermuda) Limited, by both a management fee and incentive compensation as outlined below:

We are entitled to receive a management fee, payable monthly, of 0.1667% (2% per annum) of the net asset value of the Funds for the management and administrative services provided by us to the Funds. This fee is calculated based upon net asset value of the Funds before incentive compensation accrual at the opening of business on the first business day of each month (after giving effect to capital contributions and withdrawals) and is payable in advance and is not refundable.

Domestic Fund -- Incentive Allocation

We are entitled to receive an incentive allocation as of the end of each fiscal year in which the Domestic Fund has a net profit (defined as any excess of securities gains and net operating profits over securities losses and net operating losses). At the end of each fiscal year we will be allocated an incentive allocation equal to 20% of each investor's share of net profits for such year. However, if an investor has any prior net losses allocated to him for any previous fiscal year or years, we will not be allocated 20% of that investor's share of net profits for any year until such time as, and only to the extent that, the cumulative net profits allocated to such investor subsequent to such loss year or years exceeds such prior net losses. If an investor withdraws capital from the Domestic Fund, however, the amount of prior net losses that must be recovered before an incentive allocation can be made to us will be reduced in proportion to the withdrawal. We, in our sole discretion, may waive or reduce the incentive allocation chargeable to any investor.

OFFSHORE FUND -- Incentive Fee

The Offshore Fund will pay to us an annual incentive fee, for each fiscal year of the Offshore Fund, in an amount, determined separately as to each series of common shares outstanding during the fiscal year, equal to twenty percent (20%) of the amount by which the net asset value per share exceeds, at the end of such fiscal year, the highest net asset value attributed to such series of common shares, after deducting any accrued incentive fee, at the following dates: (i) the beginning of such fiscal year; (ii) the beginning of any preceding fiscal year; or (iii) the subscription date for such series of common shares (such highest net asset value per share for each series of common share with respect to a fiscal year being called its "Prior High NAV"). The use of a Prior High NAV is intended to effectively require the recovery of any prior losses of a holder based on a particular series of common shares before an incentive fee may be earned on such series of common shares for a particular year.

We, in our sole discretion, may waive or reduce the incentive fee and/or the management fee chargeable to any investor, provided the same shall not have the effect of increasing such fee(s) borne by any other holder.

No separate advisory fees are charged by the Master Fund.

We do not deduct fees from clients' assets or bill clients for fees incurred. Our clients, the Funds, have fees calculated and paid by the Funds' administrator, CACEIS (Bermuda) Limited (the "Administrator"). The Administrator calculates and pays management fees monthly and deducts these fees from the clients' assets. The Administrator calculates incentive compensation accruals monthly and pays them annually, after the end of the year by deducting these fees from the clients' assets.

The Funds investors are subject to a 4% early redemption penalty, payable to the Funds, for any redemptions that occur before the expiration of a 12 month holding period.

Other types of expenses of our clients, the Funds, which are incurred at the Master Fund level and calculated and paid by the Funds' Administrator include:

- Brokerage, custody and other transaction costs;
- Administration, accounting and auditing costs;
- Legal costs;
- Markups, markdowns and interest expense;
- Registrar and transfer agent costs;
- Directors costs.

In addition, the Funds may bear additional operating costs and expenses but it is expected that the majority of expenses will be incurred at the Master Fund level.

Our firm and supervised persons do not accept compensation for the sale of securities or other investment products.

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

Our only clients, the Funds, are charged performance based fees as explained in Item 5.

Item 7 *Types of Clients*

Our clients, the Funds, are private investment vehicles. The types of persons that invest in the Funds (subject to the criteria and restrictions as described in the Funds' offering memoranda) may include:

- Institutions;
- Pension plans;
- Trusts;
- Endowments;
- Fund of Funds;
- High net worth individuals; and

- Our firm and employees.

Each Fund has a minimum initial investment amount of \$1,000,000. Additional investments in a Fund must be in increments of \$250,000. These minimums may be reduced or waived by the Funds, subject to any applicable statutory minimums.

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

We attempt to achieve long term, consistent returns through a two level, blended approach of arbitrage/value and macro trading strategies. We believe that separating the investment process into two independent methods increases the overall risk control, reduces the correlation between trades, and establishes a more efficient risk return profile that decreases the chances of a significant decline in market value.

Investment Approach

The first level of the investment process is to construct an arbitrage/value portfolio that seeks to capture relative value and pricing anomalies in the fixed income markets. This portfolio constitutes the core strategy and main focus of the Fund's investment approach. We construct this portfolio from various sectors of the fixed income securities markets in order to generate a diversified portfolio and hedge this portfolio with respect to various risk parameters. We apply appropriate leverage to magnify this return potential while seeking to maintain relatively low volatility. These trades are driven by fundamental considerations and technical considerations.

The second level of the investment process overlays strategies that principally involve taking positions (yield curve, spread trades, volatility trades, interest rates, basis trades, etc.) in the various markets in which we focus. This strategy employs appropriate leverage and attempts to increase the overall level of returns. On a trade by trade basis, the analytical process involves identifying trade concepts and then determining the most effective manner from a risk reward perspective of implementing these strategies. Portfolio considerations play a role as well, as trades that reduce overall portfolio risk and exposure are favored. These trades are driven by fundamental and technical considerations.

Investments

General. We invest in a broad range of fixed-income securities, related instruments and other securities, including, but not limited to: (i) obligations of the U.S. Treasury or any of its agencies or instrumentalities; (ii) securities backed by or representing interests in residential, multi-family or commercial mortgage loans (including both fixed-rate and adjustable-rate mortgaged-backed securities, CMOs, REMICs, and stripped mortgage-backed securities); (iii) securities backed by or representing interests in any other financial assets that by their terms generate cash flows; (iv) corporate notes, bonds, debentures and loans; (v) municipal notes, leases, bonds and loans; (vi) forward contracts, option contracts, futures contracts and options on futures contracts relating to fixed income instruments; (vii) swaps, caps and floors; (viii) short-term investments such as time deposits, Eurodollar deposits, commercial paper, bankers acceptances, dollar rolls and repurchase agreements; and (ix) other derivative and other instruments relating to any of the foregoing.

The following is a brief description of some of the above-mentioned securities and transactions:

Mortgage Pass Through Securities: A security backed by mortgage pass-throughs where the interest and principal are distributed in a pro rata basis.

CMO: A security backed by mortgage pass-throughs where the interest and principal are distributed on a prioritized versus pro rata basis. Most CMOs are issued by Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and Government National Mortgage Association.

REMIC: A REMIC is a CMO with special tax and accounting treatment.

Strips: Securities, which are stripped into paying either principal only ("POs") or interest only ("IOs") components.

Repurchase and Reverse Repurchase Agreements: These are agreements between two parties that provide for the sale (purchase) and subsequent repurchase (sale) of U.S. government obligations or certain categories of debt securities in a transaction that is equivalent from an economic perspective to a collateralized loan when viewed from the perspective of the initial seller. Securities in repurchase transactions are sold at an agreed price for a defined loan amount with a simultaneous agreement by the seller to repurchase the securities at a higher price on a later date.

Interest Rate Swaps: Agreements between two parties to exchange or swap fixed and floating rate payments (or two different floating rate payments) calculated with reference to a notional amount over a specified term.

Floating Rate Notes: CMOs that pay an interest rate that changes (floats) relative to a specific index, e.g. LIBOR, CMT or COFI.

Other Investments. In addition to a variety of U.S. government and agency obligations, mortgage-backed securities, other fixed-income obligations and related investments, including options, futures and derivatives, intended to constitute our primary investment focus, we may invest in certain other instruments and authority to do so has been granted. Fund assets pending investment or for defensive purposes may be invested in money market instruments deemed appropriate by us, including money market funds, repurchase and repurchase agreements and short-term cash equivalents. Any income, including interest, earned from such investments are reinvested by the Fund in accordance with its investment program.

The main sources of information the Advisor uses are primarily based upon internal research and analytical capabilities, including the research and analytical experience of its two portfolio managers, Thomas T. Kutzen and Michael J. Carino. Other sources of information used include but are not limited to financial newspaper and magazines, research materials prepared by others, company press releases, annual reports, prospectuses and corporate rating services.

RISK FACTORS

All securities investments risk the loss of capital. There can be no assurance that the Funds will be profitable or that they will not incur losses. Prospective investors should, among other matters, consider the risks summarized below:

General Risks

Experience of Principals. Our clients' success rests substantially upon the efforts of the portfolio managers Thomas T. Kutzen and Michael J. Carino. Mr. Carino also serves as our Chief Compliance Officer.

Dependence on Principals. We critically depend upon the efforts of Thomas T. Kutzen and Michael J. Carino. In the event that they should cease to be involved in our business, our investment activities could be adversely affected. Although Thomas T. Kutzen and Michael J. Carino devote such time as they believe is reasonably necessary to achieve our clients' investment objectives, they are free to devote significant portions of their time to other activities.

Substantial Withdrawals. Substantial withdrawals by investors in the Funds within a short period of time could require us to arrange for the securities positions of the Master Fund to be liquidated at an inappropriate time or on unfavorable terms, which could adversely affect the value of the Funds' Interests.

Alternative Investing Generally. The Funds are designed for investors seeking potential long-term growth from alternative investments, who do not require regular current income and who can accept a high degree of risk in their investments. In view of, among other things, our ability to invest in a wide range of securities and instruments and to use a broad variety of investment techniques, the Funds are not intended to be a comprehensive investment program. The Funds are intended for investment solely by sophisticated investors who are accustomed to and fully understand the risks of such investments.

Risks as to Particular Types of Securities

Mortgage-Backed Securities and Asset-Backed Securities – General. The investment characteristics of mortgage-backed and asset-backed securities differ from traditional debt securities. Among the major differences are that interest and principal payments are made more frequently, usually monthly, and that principal may be prepaid at any time because the underlying mortgage loans or other assets generally may be prepaid at any time.

The frequency at which prepayments (including voluntary prepayments by the obligors and liquidations due to default and foreclosures) occur on loans underlying mortgage-backed and asset-backed securities will be affected by a variety of factors including the prevailing level of interest rates as well as economic, demographic, tax, social, legal and other factors. Generally, mortgage obligors tend to prepay their mortgages when prevailing mortgage rates sufficiently fall below the interest rates on their mortgage loans. Although asset-backed securities are generally less likely to experience substantial prepayments than are mortgage-backed securities, interest rates also affect the rate of prepayments on asset-backed securities. However, during any particular period, the predominant factors affecting prepayment rates on mortgage-backed and asset-backed securities may be different.

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 mortgage-backed securities will be discount securities when interest rates are high, and will be premium securities when interest rates are low, these mortgage-backed securities may be adversely affected by changes in prepayments in any interest rate environment.

The adverse effects of prepayments may impact the Fund in two ways. In the first case, particular investments will experience outright losses, as in the case of an interest-only security in an environment of faster actual or anticipated prepayments. In the second case, particular investments may underperform relative to hedges that the Funds may have constructed for these investments, resulting in a loss for the Funds' overall portfolios. In particular, prepayments (at par) may limit the potential upside of many mortgage-backed securities to their principal or par amounts, whereas their corresponding hedges may have the potential for unlimited loss.

The Funds may also invest in variable rate mortgage-backed and asset-backed securities, including adjustable-rate mortgage securities, which are backed by mortgages with variable rates, and certain classes of collateralized mortgage obligation ("CMO") derivatives, the rate of interest payable under which varies with a designated rate or index. The value of these investments is closely tied to the absolute levels of such rates or indices, or the market's perception of anticipated changes in those rates or indices. This introduces additional risk factors related to the movements in specific indices or interest rates which may be difficult or impossible to hedge, and which also interact in a complex fashion with prepayment risks.

CMOs and Mortgage-Backed Securities Derivatives. The CMO and stripped mortgage-backed securities markets were developed specifically to reallocate the various risks inherent in mortgage-backed securities across various bond classes ("tranches"). For example, CMO "companion" classes typically experience much greater average life variability than other CMO classes or mortgage-backed securities pass-throughs. Interest only pass-through securities experience greater yield variability relative to changes in prepayments. "Inverse floaters" experience greater variability of returns relative to changes in interest rates. The Funds' use of these or other "derivative" securities may magnify the prepayment risks, interest rate risks, and hedging risks associated with mortgage-backed securities.

Subordinated Securities. Investments in subordinated mortgage-backed and asset-backed securities involve greater credit risk of default than the senior class securities of the same issuer. A subordinated class of securities may often absorb all losses from default before a senior class of securities is at risk, particularly if such securities have been issued with little or no credit enhancement or equity. Such securities therefore possess some of the attributes typically associated with equity investments.

In the case of mortgage-backed securities, default can result in foreclosure (or deed-in-lieu of foreclosure) on the real estate securing the mortgage loans and sale of such foreclosed property. Sales of foreclosed properties often result in loss of principal and interest owned on such subordinated class. The risk associated with such events may be more pronounced in the case of mortgage-backed securities secured by, or evidencing an interest in, a relatively small or less diverse pool of underlying mortgage loans.

The risks associated with mortgage collateral or direct ownership of real estate include those relating to declines in the value of such real estate and the responsibility for tax payments, environmental hazards and other liabilities.

Limited Liquidity. The investments held by the Funds are frequently characterized by limited liquidity (as a result of the nature of the investments and/or market conditions), which can make it difficult as well as costly to close out open positions in order to either realize gains or to limit losses. Additionally, certain investments are valued on the basis of dealers' pricing. However,

the price at which dealers value a particular investment and the price which the same dealers would actually be willing to pay for such investment should we be required to sell such position may be materially different. Such differences may have a materially adverse effect on the Funds if they are required to sell such investments in order to raise funds for margin purposes or to pay withdrawals.

Credit Support Limitations. The amount, type and nature of insurance policies, subordination, letters of credit and other credit support, if any, required with respect to certain mortgage-backed and asset-backed securities are based upon an actuarial analysis. There can be no assurance that the historical data supporting such actuarial analysis will accurately reflect future experience nor any assurance that the data derived from a large pool of mortgage loans accurately predicts the delinquency, foreclosure or loss experience of any particular pool of loans.

Certain Market Risks

"Widening" Risk. For reasons not necessarily attributable to any of the risks enumerated above (for example, supply/demand imbalances or other market forces), the prices of the securities in which the Funds invest may decline substantially. In particular, purchasing assets at what may appear to be "distressed" levels is no guarantee that these assets will not be trading at even more "distressed" levels at a time of valuation or at the time of sale. It may not be possible to predict, or to hedge against, such "spread widening" risk.

Liquidity of Investments. The Funds may invest in securities which 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 we desire to do so or to realize what we 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 does 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.

Risks Relating to Certain Investment Techniques and Policies

There are inherent risks associated with certain of the Funds' investment techniques and policies. Such risks include, but are not necessarily limited to, the following:

Leverage and Financing Risk. The Funds leverage their investments in order to enhance returns. Accordingly, the Funds pledge their securities in order to borrow additional funds for investment purposes. The Funds may also leverage their investment return with options, commodity futures contracts, short sales, swaps, forwards and other derivative instruments. The amount of borrowings which the Funds may have outstanding at any time may be large in relation to their capital. For instance, dealers currently require margin on mortgage backed securities ranging from as little as three percent (in the case of more stable securities) to as much as 25 percent (in the case of certain CMO derivatives); in the case of U.S. Treasury securities margin of one percent or less may be required. These margin requirements effectively permit the Funds to leverage their assets by ratios ranging from 4 to 1 to 33 to 1, or in the case of U.S. Treasury securities, by ratios of more than 100 to 1. These margin requirements reflect merely the maximum amount of leverage the Funds may employ for each asset, but not necessarily the degree of leverage the Funds actually employ.

While leverage presents opportunities for increasing the Funds' total returns, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment by a Fund would be magnified to the extent the Fund is leveraged. The cumulative effect of the use of leverage by the Funds in a market that moves adversely to the Funds' investments could result in a substantial loss to the Funds which would be greater than if the Funds were not leveraged.

In general, the Funds' use of short term margin borrowings results in certain additional risks to the Funds. For example, should the securities pledged to brokers to secure the Funds' margin accounts decline in value, the Funds could be subject to a "margin call", pursuant to which the Funds must either deposit additional funds or securities with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of the Funds' assets, the Funds might not be able to liquidate assets quickly enough to satisfy their margin requirements.

The Funds will typically borrow by entering into repurchase agreements. Under a repurchase agreement, the Funds sell securities and agree to repurchase them at a mutually agreed date and price. Repurchase agreements may involve the risk that the market value of the securities retained in lieu of sale by the Funds may decline below the price of the securities the Funds have sold but are obligated to repurchase. In the event the buyer of securities under a repurchase agreement files for bankruptcy or becomes insolvent, such buyer or its trustee or receiver may receive an extension of time to determine whether to enforce the applicable Fund's obligation to repurchase the securities and the Funds' use of the proceeds of the repurchase agreement may effectively be restricted pending such decision. To the extent that, in the meantime, the value of the securities that the Fund has purchased has decreased, the Funds could experience a loss.

The financing used by the Funds to leverage their portfolios is currently extended by securities brokers and dealers in the marketplace in which the Funds invest. While the Funds attempt to negotiate the terms of these financing arrangements with such brokers and dealers, their ability to do so is limited. The Funds are therefore subject to changes in the value that the broker dealer ascribes to a given security or position, the amount of margin required to support such security or position, the borrowing rate to finance such security or position and/or such broker dealer's willingness to continue to provide any such credit to the Funds. Because the Funds currently have no alternative credit facility which could be used to finance their portfolios in the absence of financing from broker dealers, they could be forced to liquidate their portfolios on short notice to meet their financing obligations. The forced liquidation of all or a portion of the Funds' portfolios at distressed prices could result in significant losses to the Funds.

Hedging Transactions. The Funds may utilize financial instruments such as U.S. Treasury securities, mortgage backed securities pass throughs, mortgage backed securities derivatives, interest rate swaps, caps and floors, futures, forward contracts and options, both for investment purposes and for risk management purposes in order to: (i) protect against possible changes in the market value of the Funds' investment portfolios resulting from fluctuations in the securities markets and changes in interest rates, (ii) protect the Funds' unrealized gains in the value of the Funds' investment portfolios, (iii) facilitate the sale of any such investments, (iv) establish a position as a temporary substitute for purchasing mortgage-backed or asset backed securities, (v) enhance or preserve returns, spreads or gains on any investment in the Funds' portfolios, (vi) manage the duration of the Funds' investment portfolios, (vii) hedge the interest rate or currency exchange

rate on any of the Funds' liabilities or assets, (viii) protect against any increase in the price of any securities we anticipate purchasing at a later date or (ix) for any other reason that we deem appropriate.

The success of our hedging strategy is subject to our ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics of many securities change as markets change or time passes, the success of our hedging strategy is also subject to our ability to continually recalculate, readjust, and execute hedges in an efficient and timely manner. While the Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Funds than if they had not engaged in any such hedging transactions. In addition to possible losses on the positions sought to be hedged notwithstanding the attempted hedge, the Funds could incur losses on the hedging positions themselves. Moreover, all hedging strategies necessarily involve costs, which could be significant, whether or not the hedge sought is successful. Hedging instruments which are potentially available may involve costs or risks which we deem prohibitive in the context of the Funds.

For a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Funds from achieving the intended hedge or expose the Funds to risk of loss. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Funds' portfolio holdings. Moreover, it should be noted that the portfolio will always be exposed to certain risks that cannot be hedged, such as credit risk (relating both to particular securities and counterparties) and "liquidity risk" and "widening" risk. It should be assumed, therefore, that the Funds' portfolios will still be exposed to significant risks, including basic issuer risks, a variety of market risks and other risks attendant to the Funds' investment strategy, which risks may not be hedged.

Concentration of Investments. Because the Funds are not restricted from concentrating their investments in the securities of a single issuer or guarantor, and may invest all or most of its assets in a single market sector, the negative impact on the Funds of adverse movements in the value of the securities of a single issuer, guarantor or market sector could be considerably greater than if the Funds were not permitted to concentrate its investments to such an extent.

Short Selling. Short selling involves selling securities which may or may not be owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. 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 the Funds of buying those securities to cover the short position. There can be no assurance that the securities necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Trading in Commodity Interests, Options and Swap Agreements. The prices of commodities contracts and derivative instruments, including futures and options, and payments pursuant to swap agreements, may be highly volatile and are influenced by, among other things, interest

rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events.

Funds may purchase and sell ("write") options on securities, currencies and commodities on national and international exchanges and over the counter markets. The seller ("writer") of a put option which is covered (e.g., the writer has a short position in the underlying instrument) assumes the risk of an increase in the market price of the underlying instrument above the sales price (in establishing the short position) of the underlying instrument, plus the premium received, and gives up the opportunity for gain on the underlying instrument below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent amount of the investment with an exercise price equal to or greater than the exercise price of the put written, the position is "fully hedged" if the option owned expires at the same time or later than the option written. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying instrument below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option. If the buyer of the put holds the underlying instrument, the loss on the put will be offset in whole or in part by any gain on the underlying instrument.

The writer of a call option which is covered (e.g., the writer has long position in the underlying instrument) assumes the risk of a decline in the market price of the underlying instrument below the value of the underlying instrument less the premium received, and gives up the opportunity for gain on the underlying instrument above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying instrument above the exercise price of the option. The buyer of a call option assumes the risk of losing its entire investment in the call option. If the buyer of the call sells short the underlying instrument, the loss on the call will be offset, in whole or in part, by any gain on the short sale of the underlying instrument.

Options may be cash settled, settled by physical delivery or by entering into a closing purchase transaction. In entering into a closing purchase transaction, the Funds may be subject to the risk of loss to the extent that the premium paid for entering into such closing purchase transaction exceeds the premium received when the option was written.

Swaps and certain options and other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty. In addition, the Funds are subject to the risk of the failure of any of the exchanges on which they trade or of their clearinghouses.

Risks Relating to Commodities Futures and Forward Transactions

Inherent Leverage. In the futures markets, margin deposits are typically low relative to the value of the futures contracts purchased or sold. Such low margin deposits are indicative of the fact that any commodity futures contract trading is typically accompanied by a high degree of leverage. Low margin deposits mean that a relatively small price movement in a futures contract may result in immediate and substantial losses to the investor. For example, if at the time of purchase 10 percent of the price of a futures contract is deposited as margin, a 10 percent decrease in the price of the futures contract would, if the contract is then closed out, result in a total loss of the margin deposit before any deduction for the brokerage commission.

Thus, like other leveraged investments, any purchase or sale of a commodity contract may result in losses in excess of the amount invested.

Liquidity Issues. Futures positions may be illiquid because, for example, most U.S. 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”. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Futures contract prices in various commodities occasionally have moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Funds from promptly liquidating unfavorable positions and subject the Funds to substantial losses. In addition, the Funds may not be able to execute futures contract trades at favorable prices if trading volume in such contracts is low. It is also possible that an exchange or the CFTC may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract or order that trading in a particular contract be conducted for liquidation only.

Position Limits. The CFTC and certain commodity exchanges have established limits referred to as speculative position limits or position limits on the maximum net long or net short position which any person or group of persons may hold or control in particular futures and options. Limits on trading in options contracts also have been established by the various options exchanges. It is possible that our trading decisions may have to be modified and that positions held by the Funds may have to be liquidated in order to avoid exceeding such limits. Such modification or liquidation, if required, could adversely affect the operations and profitability of the Funds.

Forward Trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies and commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities 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. Disruptions can occur in any market traded by the Funds due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which we would otherwise recommend, to the possible detriment of the Funds. Market illiquidity or disruption could result in major losses to the Funds.

Overall Investment Risk. All securities investments risk the loss of capital. The nature of the securities purchased and traded for the Funds and the investment techniques and strategies employed by us may increase this risk. While we devote substantial time and effort to the management of the Funds’ portfolios, there can be no assurance that the Funds will be profitable or that it will not incur losses. Many unforeseeable events, including, but not limited to, actions by various government agencies, and domestic and international economic and

political developments, may cause sharp market fluctuations which could adversely affect the Funds' portfolio and performance.

Any past successes with the Funds' investment methodology cannot assure future results. There can be no assurance that the investments or investment techniques employed by us will achieve the Funds' investment objective or that the Funds will be profitable.

Conflicts of Interest

There are several likely conflicts of interest between our firm and our clients. Among those that should be considered by each prospective client are the following:

Other Clients Generally. We have the investment responsibility for both the Domestic Fund and the Offshore Fund, which invest in the same Master Fund. We consider management of the Funds (together with the Master Fund) to be our priority business responsibility. We may, however, have responsibilities for investment management of accounts of other entities and clients, including those with investment strategies and methodologies similar to those of the Funds. We may further determine to enter into other businesses and ventures, including the management of other investment vehicles. The existence of such multiple clients or vehicles may create a number of conflicts of interest.

Time Commitments. Thomas T. Kutzen and Michael J. Carino, the portfolio managers, intend to devote their primary efforts to management of the Funds, and future accounts with comparable strategies, which will involve similar trading and monitoring responsibilities. However, should they have additional clients or other business responsibilities in the future, such commitments may have the effect of reducing the time they devote to the investment activities of the Funds. We may retain additional personnel as deemed necessary.

Conflicts Regarding Valuations and Other Matters. We are responsible for a variety of important matters affecting the Funds. Among other matters, we could be responsible to determine the value of the securities and other instruments held by the Funds or the Master Fund, as the case may be, except to the extent that the Funds or the Master Fund retains an outside administrator to perform such function, among others. Since inception, the Funds have had an administrator (currently CACEIS (Bermuda) Limited) perform such function on their behalf. Such valuation affects both reported Fund performance as well as the calculation of both the incentive compensation and the management fees payable to us. Although the Funds offering documents prescribe the method of valuing different types of investments, which generally involve current market price information, there may be investments as to which current or reliable market price information is unavailable, in which event we will have discretion in determining the appropriate means of valuation notwithstanding the retention of the Administrator, with the approval of the Master Fund's board of directors.

In general, the Funds' offering documents provides us with broad discretion as to determination or resolution of a wide variety of matters, including economic and tax allocations, Fund investors' withdrawals (on other than regular withdrawal dates), distributions and other issues, any of which could significantly affect a particular investor in the Funds.

Conflicts Regarding Incentive Compensation. We are entitled to receive incentive compensation with respect to each Fund. See Item 5 of this brochure. Although this type of relative allocation of profits and losses has largely become a customary standard for private investment partnerships, it can be characterized as creating an incentive to investment managers for speculative investment and thus a potential conflict with the interests of the investors. Since the incentive compensation is based upon portfolio gains, both realized and unrealized (net of realized and unrealized losses), it is possible that we may receive incentive

compensation based upon unrealized appreciation in particular positions which is not in fact achieved upon eventual disposition of such positions. Although we believe the terms of the Funds' incentive compensation compare favorably with those of other investment funds, such terms were determined unilaterally by us and do not reflect arms' length negotiation.

Possible Agreements with Certain Investors. We may from time to time enter into agreements with one or more investors whereby in consideration for agreeing to invest certain amounts in the Funds and other consideration deemed material by us, such investors may be granted favorable rights not afforded to other investors, generally. Such rights may include one or more of the following: special rights to make future investments in the Funds; special withdrawal rights, relating to frequency, notice and/or other terms; rights to receive reports from the Funds on a more frequent basis or that include information not provided to other investors (including, without limitation, more detailed information regarding positions); rights to receive reduced rates of the incentive compensation and/or management fee; rights to receive a share of the incentive compensation, management fee or other amounts earned by us; and such other rights as may be negotiated between the Funds and such investors.

The Funds and our firm may enter into such agreements without the consent of or notice to the other investors in the Funds.

Item 9 Disciplinary Information

We have no past, current or pending legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or the integrity of our management.

Item 10 Other Financial Industry Activities and Affiliations

We have no other industry activities or affiliations.

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

We have established a Code of Ethics pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, as amended. The purpose of our Code of Ethics is to identify the ethical and legal framework in which we and our personnel are required to operate and to highlight some of the guiding principles and mechanisms for upholding our standard of business conduct. Our Code of Ethics is designed to ensure that all applicable personnel are aware of and adhere to our policies and procedures. The description below is summary only. A complete copy of our Code of Ethics will be provided to clients and prospective clients upon request.

- **Standard of Business Conduct.** As a fiduciary, we owe our clients the highest duty of loyalty and we rely on each of our personnel to avoid conduct that is or may be inconsistent with that duty.
- **Basic Principles.** Our Code of Ethics is based on a few basic principles: (i) the interests of our clients come before our interests and those of our personnel; (ii) the professional activities and personal investment activities of our personnel must be consistent with our Code of Ethics and avoid any actual or potential conflict between the interests of clients and those of our firm or our personnel; (iii) the activities of our personnel must be conducted in a way that avoids any abuse of any such person's position of trust with and responsibility to our firm and its clients; and (iv) our personnel may not engage in any act, practice or course of conduct that would violate the provisions of Rule 204A-1.

- **Conflicts of Interest.** As a fiduciary, we have an affirmative duty of care, loyalty, honesty and good faith to act in the best interests of our clients. We make every effort to avoid conflicts of interests and fully disclose all material facts concerning any conflict of interest that may arise with respect to any client. We take a conservative approach and impose a high standard on our personnel by stressing that individuals subject to our Code of Ethics must try to avoid situations that have even the appearance of conflict or impropriety.
- **Insider Trading.** Our personnel may not trade, either personally or on behalf of another, on material non-public information or communicate material non-public information to another person in violation of the law. This policy applies to all of our personnel and extends to their activities both within and outside their duties at the firm. We have also implemented policies and procedures designed to detect and prevent insider trading.
- **Personal Securities Transactions.** All personnel must comply with our Personal Account Trading Policy. Except with respect to certain securities (including equities, indices, mutual funds, exchange-traded funds and certain government securities), personal securities transactions by our personnel must be pre-approved by our Chief Compliance Officer.
- **Service as a Director.** None of our personnel may serve as a director of a publicly-held company without prior approval by our Chief Compliance Officer based upon a determination that service as a director would not be adverse to the interest of any of our clients. In the limited instances in which such service may be authorized, employees serving as directors will be isolated from other employees who are involved in making decisions as to the securities of that company through procedures determined by the CCO to be appropriate in the circumstances.
- **Reporting of Violations.** Our personnel are required to report any violation, apparent violation or potential violation of our Code of Ethics to our Chief Compliance Officer.
- **Review and Enforcement.** Our Chief Compliance Officer is responsible for ensuring adequate supervision over the activities of all persons who act on our behalf in order to prevent and detect violations of our Code of Ethics by such persons.

Interested Transactions

We may, from time to time, recommend a security in which our firm or one of our related persons, directly or indirectly, has an interest. For instance, it may be expected that separate account assets will be invested in securities of issuers in which one or more other separate accounts or funds hold positions. In addition, fund assets may be invested in securities of issuers in which one or more other funds or separate accounts hold positions. Given the likely frequency of such occurrence, clients will not be provided with notification of such occurrences.

We will seek to allocate investment opportunities among the Funds and any other client accounts by applying such considerations as we deem appropriate, including relative size of accounts, amount of available capital, size of existing positions in the same or similar securities, leverage and tax considerations and other factors. Although such allocations may be pro rata as to the Funds and other client accounts, they will not necessarily be so. The Funds are not entitled to investment priority and may not necessarily participate in every investment opportunity. In cases where a limited amount of a security or other instrument is available for purchase, the allocation of such security, as between the Funds and any such other client accounts, may necessarily reduce the amount thereof available for purchase by the Funds.

As described above, all personal securities transactions by the firm's personnel are subject to pre-approval by our Chief Compliance Officer before the supervised person may proceed with the transaction, except for transactions in certain categories of securities (including equities, indices, mutual funds, exchange-traded funds and certain government securities).

We may permit a supervised person to invest in securities or related securities that a Fund is also investing in, but subject to the requirement that such a transaction will not disadvantage any client account. In addition, all supervised persons are required to submit personal trading information to us for review by our Chief Compliance Officer. Our pre-approval procedure and the submission of supervised persons' personal trading information assist us towards our goal of ensuring that no personal trading of any supervised person will disadvantage any client account.

We are the general partner of the Domestic Fund.

Item 12 Brokerage Practices

We have full investment discretion with respect to the initiation of all portfolio securities transactions for the Funds as well as full authority to select broker-dealers to execute such transactions. We intend to utilize a number of broker-dealers to effect transactions for the Funds and a limited number of major financial institutions to act as counterparties with respect to repurchase agreements or other contractual instruments involving the Funds. Such broker-dealers and counterparties will be selected based upon, among other things:

- Quality of execution and operational capabilities of the broker-dealer and its clearing firm;
- Any expertise the broker-dealer may have in executing trades for particular types of securities;
- Reputation and experience;
- Financial stability of the firm;
- Reliability; and
- Commissions charged and transaction costs.

We have not and do not plan on using soft dollars.

Item 13 Review of Accounts

The Chief Compliance Officer, Michael J. Carino, and in his absence, the Portfolio Manager, Thomas T. Kutzen, reviews securities and other transactions of clients on a daily basis. The clients are also subject to an overall review, no less frequently than monthly, by the Chief Compliance Officer, involving a review and analysis of account holdings, performance to date, in light of investment objective, investment activity to date and an evaluation of any appropriate changes in the portfolio.

The Chief Compliance Officer will review the financials on accounts that are produced by the Administrator or other party responsible for providing such financials. The reviews will be done based on the official reporting period of the Funds' net asset value. The reviews will be tailored

in conjunction with the constitutional documents outlining the processes of calculating the net asset value. This includes the monthly account statements and reports produced by the Administrator and the annual audited financials, prepared by the Administrator and audited by the Funds' auditor.

Item 14 Client Referrals and Other Compensation

We may, from time to time, compensate individuals for client referrals. All such compensation will be fully disclosed to each client consistent with applicable law. The client will incur no additional costs or expenses as a result of any such compensation arrangements.

We have one arrangement pursuant to which we compensate a third party for client referrals. We have entered into a solicitation fee agreement with a third party to solicit investments into the Funds. Under the arrangement, we are required to pay to the solicitor a portion of the management fees and performance compensation payable to us by the Funds to the extent allocable on a pro rata basis to units of the Funds acquired by certain investors solicited by the solicitor.

Item 15 Custody

If we are deemed to have custody of the assets of a client account that is not a pooled investment vehicle, the client will be provided with an account statement by a third party custodian no less than quarterly. These statements will be sent directly to the client by the account custodian. These statements list the account positions, activity in the account over the covered period, and other related information. Such clients will also be sent confirmations following each brokerage account transaction unless receipt of confirmations has been waived by the client. We will generally not issue separate reports with respect to such clients. Clients should carefully review statements they receive from the account custodian.

Item 16 Investment Discretion

Item 4 includes a description of the investment discretion that we exercise with respect to the Funds. Fund investors generally do not have any ability to restrict the investment of the Funds, although under limited circumstances we may agree with a particular investor that such investor will not participate in certain categories of investment made by the Fund.

Item 17 Voting Client Securities

We have adopted a written policy regarding the voting of client proxies that is designed to ensure that we fulfill our fiduciary obligation to our clients. The written policies are designed to address a wide range of common business and social issues often contained in proxy statements and vote them in the best interest of our clients. Items not specifically addressed in the policy will be dealt with on a case-by-case basis by our principals.

A copy of our proxy voting guidelines is available upon request. We will also provide, upon request, information regarding how we have voted on a specific proxy item.

Proxy voting is expected to be extremely limited and there has been no proxy voting since the beginning of the advisory relationship with our clients, the Funds.

Item 18 Financial Information

This section is not applicable to us.

Item 19 Requirements for State-Registered Advisers

This section is not applicable to us.