

Arden Asset Management LLC

Part 2A of Form ADV

The Brochure

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This brochure provides information about the qualifications and business practices of Arden Asset Management LLC (“AAM LLC” or “Arden”). If you have any questions about the contents of this brochure, please contact us at 212-751-5252. 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 Arden is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Material Changes

In 2010, the SEC issued rules requiring a new Part 2 of the Form ADV, or the “brochure” as it is known, that included significant and material changes to the content and format of the brochure that was used by Arden previously. This brochure is the first version of the Form ADV Part 2 issued by Arden using the new format.

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Advisory Business

Arden Asset Management, Inc. (“AAM INC”) was formed in September 1993 as an investment manager of portfolios of hedge funds. AAM INC assigned all of its investment management activities to Arden effective January 1, 2006. Arden is a limited liability company organized under the laws of Delaware which was specifically incorporated to provide investment management services. Arden is controlled primarily by AAM INC as the controlling member, although various individual senior Arden staff have been issued membership interests entitling them to share in the profits of Arden. No individual member’s economic interest is equal to or exceeds 25% of Arden. AAM INC is owned and controlled by Averell H. Mortimer. Mr. Mortimer owns 65% of AAM INC and he has contributed a non-controlling 35% interest to The Mortimer Family 2009 Trust, a trust established for the benefit of his children.

Arden provides investment advisory services and management services to commingled private investment funds (“Funds”) on a discretionary basis according to the objectives and investment policies described in each Fund’s respective offering and/or operational documents. Arden serves as investment manager or management company to several offshore Funds that are generally organized as Cayman corporations and several domestic Funds generally organized as Delaware

limited partnerships or limited liability companies. Arden also serves as investment manager or management company to other customized portfolios, or provide investment advice and management services to customized portfolios, on either a discretionary or non-discretionary basis. Customized portfolio clients may impose reasonable investment restrictions on their accounts. Throughout this document, descriptions of services Arden provides and other information may make reference to “Funds” or “clients” interchangeably. Unless the context applies only to Funds, or otherwise noted, such references may be read generally to include other customized portfolios or accounts for which Arden provides investment management services.

As of January 31, 2011, Arden managed \$7,400 million on a discretionary basis on behalf of approximately 36 clients. Arden’s assets under management includes assets managed by Arden as of January 31, 2011 (net of redemptions effective as of such date as well as subscriptions effective the following day), and equals the sum of the net asset value (i.e., assets minus liabilities) of all of Funds and customized portfolios, as well as deferred balances payable by the Funds and customized portfolios to Arden.

Fees and Compensation

Fees charged may include a base percentage of assets under management, as well as an incentive fee structured in a manner designed to comport with Rule 205-3 of the Investment Advisers Act of 1940 (the “Advisers Act”).

Asset-based management fees are generally paid quarterly in arrears and are generally up to 1.75% annually, as described in the relevant offering and/or operational documents. The formulas for calculation of incentive fees vary from Fund to Fund but are generally up to 10% of investment performance, subject to a loss carryforward, as described in the relevant offering and/or operational documents. Unless otherwise noted in the Funds’ offering memorandum, incentive fees are generally assessed and payable at the end of each calendar quarter. Such management and incentive fees are calculated after application of underlying manager fees and expenses. As described below, Arden provides services to Funds that are “funds of funds” and that invest in other investment vehicles (“underlying funds”) whose managers (“underlying managers”) typically charge: (i) an asset-based fee (that generally is in the range of 1% to 2% annually) and (ii) a profits-based fee (that generally is approximately 20%), and in some cases higher rates, and which fee rates vary for each such underlying fund. Additionally, the fees of Arden do not include the expenses of any service providers hired by the Funds and do not include expenses indirectly borne through investments in underlying funds or customized portfolios. Each Fund sets forth any such additional operational expenses in its offering documents and/or operational documents provided to prospective investors.

Any fee reductions or rebates received from an underlying fund in connection with any Fund are credited for the benefit of or refunded to such Fund promptly upon receipt of those amounts from the underlying managers. Arden may waive or modify the management fee and/or incentive fee for certain investors in the various Funds without notice to or consent of any other investor.

It should be noted that, without notice to other investors, the Fund’s may enter, and several of the Funds have in the past entered, and expect in the future to enter, into “side letter” agreements with

certain prospective or existing investors (including investors affiliated with Arden) granting them, among other things, greater portfolio transparency, special liquidity rights (in the ordinary course or upon specified events), fee waivers or adjustments, future capacity rights in the Fund, different voting rights or restrictions, reduced minimum subscription amounts, additional rights to reports and other information and other more favorable investment terms than the standard terms that are described in the applicable Fund's offering documents and/or operational documents. As a result of such agreements, certain investors may, among other things, receive information not generally available to other investors as well as be able to redeem at a time when redemptions are otherwise not permitted. The granting of preferred terms to certain investors is solely at the discretion of Arden, and the Funds shall have no obligation to offer such differing or additional rights, terms or conditions to all investors.

Factors Arden may consider in negotiating fees or other terms to which any investor may be subject may include, without limitation, the nature of the services required, the extent of reporting or other administrative services required, the type of assets invested, the amount of assets invested, Arden's prior relationship with the applicable investor or its affiliates, other investments with Arden by the applicable investor or its affiliates, the other terms to which the investor's investment with Arden would be subject and the impact such special terms might have on other investors.

Generally, all Arden fees are calculated by the Fund's administrator or the client's custodian, and deducted directly from client or Fund accounts by such Fund's administrator or client's custodian. In limited circumstances, Arden will bill clients for fees incurred. Generally, investors in Funds cannot select the method for the deduction of fees, however, clients for whom Arden may design and manage a customized portfolio are able to benefit from optional structuring features; among them the method by which management and incentive fees are calculated and paid to Arden.

Performance Based Fees and Side-by-Side Management

As stated in the Fees and Compensation section above, Arden charges performance based fees which are fees based on a share of capital gains on, or capital appreciation of, the client's assets.

The fact that Arden receives performance based compensation may create an incentive for Arden to make investments on behalf of clients that are riskier or more speculative than would be the case in the absence of such compensation. In addition, the performance based fee received by Arden is based primarily on realized and unrealized gains and losses. As a result, the performance based fee earned could be based on unrealized gains that clients may never realize.

Arden manages accounts that are charged a performance based fee as well as accounts that are not charged a performance based fee. The fact that Arden is compensated based on account performance for some clients and not others may create an incentive for Arden to favor accounts for which it receives a performance based fee. Arden attempts to address this potential conflict of interest by maintaining allocation policies and procedures designed to ensure that clients are treated fairly over time.

Types of Clients

The Funds for which Arden provides investment management services are structured to be “funds of funds” which invest in other investment vehicles (the “underlying funds”) which are in turn managed by money managers. Arden’s strategy is to allocate capital of the Funds to a group of money managers, who in turn invest in underlying securities and investments. The Funds generally invest with money managers by purchasing ownership interests issued by underlying funds managed by such money managers, but may alternatively invest in separately managed accounts managed by such money managers.

The Funds for which Arden provides management services often impose minimums for investment in the range between \$250,000 and \$1,000,000, depending on the Fund in question, though such minimums may be waived for certain investors.

Methods of Analysis, Investment Strategies and Risk of Loss

The investment objectives of Funds and other clients whose portfolios are managed by Arden typically involve providing clients with capital appreciation through the allocation of each portfolio’s assets among various money managers utilizing a variety of absolute return investment strategies. Funds and other accounts often are formed with the goal of achieving superior, risk-adjusted returns with a relatively low correlation to the major equity and fixed income markets (i.e., to achieve capital appreciation on an absolute return basis) over a full market cycle. Arden’s typical investment approach is to construct portfolios of money managers that exhibit low volatility of investment returns and relatively low correlation to the performance of equity, fixed income and other traditional asset classes. Arden intends to invest with money managers that seek to create value by employing a variety of investment strategies that include, but not limited to, relative value, event driven, macro, equity long/short, tactical and other strategies. Clients’ investments with money managers are generally made through entities that are organized as corporations, limited partnerships or other limited liability vehicles.

Arden uses a wide range of resources to identify attractive money managers and promising investment strategies for consideration for inclusion in the Funds. These resources consist primarily of proprietary sources, such as professional and personal relationships between Arden’s principals and strategic investors, hedge fund managers, consulting firms, family office groups, trading desks at financial institutions, prime brokerage operations and a variety of service providers, including law firms, accounting firms and administration firms. In addition, Arden may utilize a variety of public resources including third party databases, trade seminars and other events.

Arden screens money managers and investment strategies to identify suitable prospects for inclusion in the Funds. Screening criteria may include quantitative measures such as past performance and risk exposures, qualitative factors such as the reputation, experience and integrity of the money manager, and operational factors, such as breadth, infrastructure and risk controls of the organization. Following this screening, Arden conducts due diligence on any underlying fund or money manager in which it is considering making an investment. The due diligence process typically involves multiple phone calls and meetings with the money manager to

understand the manager's investment philosophy, investment strategy, risk exposures and operational infrastructure.

The investment program of a Fund or other client whose portfolio is managed by Arden involves significant risk factors and is suitable only for experienced and sophisticated clients and investors who can bear the economic risk of the loss of their entire investment and who have limited need for liquidity in their investment. Further, due to the illiquid nature of the assets of the money managers in which Arden invests, clients and investors may redeem or withdraw their investment at a price that does not accurately reflect the value of their investment.

Although Arden will seek to select only money managers who will invest clients' assets with the highest level of integrity, Arden's investment selection process cannot ensure that selected money managers will perform as desired and Arden will have no control over the day-to-day operations of any of its selected money managers. Arden would not necessarily be aware of certain activities at the underlying money manager level, including without limitation a money manager's engaging in unreported risks, investment "style drift" or even regulatory breach or fraud. As a result, there can be no assurance that money managers selected by Arden will conform their conduct to the desired standards. There is a risk that underlying money managers may suffer a complete failure as a result of poor performance, failure to raise assets, regulatory violations and enforcement actions, fraud or other factors, which in any case could result in a complete loss of a client's investment with such money manager. Investments with underlying money managers carry additional risks including, but not limited to, lack of liquidity, ultimate lack of diversification, lack of transparency, reliance on money managers for performance and valuation information, and dependence on key personnel risk.

Investments in Funds and other accounts managed by Arden carries with it the inherent risks associated with investments in securities as well as additional risks including, but not limited to, the use of short sales, use of leverage, custodian and prime broker insolvency, lack of diversification, counterparty credit, and settlement default risk. Funds and other accounts managed by Arden are also subject to significant conflicts of interest. Each prospective client and investor should carefully review the applicable offering memoranda and/or related agreements before deciding to make an investment in a Fund or engaging Arden. There can be no assurances that Funds and other accounts managed by Arden will achieve their investment objectives.

Disciplinary Information

Arden and its management persons have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

Other Financial Industry Activities and Affiliations

Arden and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

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

Arden may arrange for a transaction between two or more of the Funds, in which one Fund buys an interest in an underlying fund or other investment from, or sells such investment to, another Fund managed by Arden (each a “cross transaction”). Each cross transaction is effected at “fair value,” which is generally the Net Asset Value of the underlying fund; although in extraordinary circumstances, it may be at such other fair valuation determined by Arden’s Valuation Committee in accordance with valuation policies and procedures. Arden receives no compensation (other than its management fee and incentive fee), directly or indirectly, for effecting a particular cross transaction. Although Arden will receive no compensation for cross transactions, underlying funds may assess customary transfer fees or commissions in connection with any such cross transaction.

Arden only engages in cross transactions after determining that such transactions are suitable and appropriate for each participating Fund. Cross transactions will often inure to the benefit of the selling and buying Funds. Arden may determine that a cross transaction between two managed Funds benefits both participants for a variety of reasons such as, for example, when one Fund’s investment objectives or situation make it suitable to raise cash while another Fund’s investment objectives or situation make it suitable for it to gain access to or increase its allocation to a particular underlying fund or manager. Avoidance of redemption fees, taking on aged positions with the avoidance of soft and hard lock-ups, and the preservation of high water marks, are examples of other value added benefits that can inure to the benefit of the buying or selling Funds when applicable.

When a potential cross transaction involves a Fund or account that has a significant beneficial ownership by Arden or its affiliates and control persons, it will be considered whether this transaction should be treated as a principal transaction under Arden’s procedures (and separate criteria would apply), rather than as a cross transaction. Under Arden’s procedures, cross transactions are not permitted from or to any Fund deemed to comprise plan assets pursuant to regulations under The Employee Retirement Income Security Act of 1974, without consideration of additional regulatory restrictions or approvals that are required by applicable law.

Arden (and its members and/or related persons) currently serve, and may in the future serve as investment adviser, general partner, management company or investment manager to various private investment funds and may also conduct investment activities for their own accounts. Some of Arden’s Fund clients may have substantially the same objectives. Investment decisions made for each Fund are made independently from those for the other Funds. Two or more Funds may invest in the same underlying fund. Arden anticipates that it will not invest in or redeem from underlying funds in a manner that is pro-rated or lockstep among its client accounts/funds of funds. As a result, Arden will consider each allocation to an underlying fund made on behalf of a client account/fund of funds to be an independent investment decision. Arden will attempt to allocate investments in an underlying fund in a manner which is in the best interests of all entities involved, and will make such allocations in its good faith discretion taking into account such factors as each Fund’s investment objectives, existing portfolio, risk profile, tax status, cash positions and other information or criteria determined to be relevant by Arden. Arden (and its members and/or related persons) may have investments in certain of the investment vehicles managed by Arden or its affiliates as well as in investment vehicles that it also recommends and

invests in for clients. Arden may determine to purchase or sell securities for one Fund, but not another, or purchase securities in different amounts for different Funds or its own account. Arden may cause its Funds to invest in other of its private investment fund clients, which may give rise to potential conflicts of interest because Arden (or its members and/or related persons) provides investment advice to both clients. However, in the case of Arden causing one of its fund of funds clients to invest in another of its fund of funds clients, it is the policy of Arden to waive fees to ensure that investors do not pay fees twice to Arden (or its members and/or related persons) with respect to the same assets.

Arden's compliance department will monitor Arden's investment allocation procedures to ensure that they are adequate to prevent any Fund from being systematically disadvantaged as a result of the allocation of investments in underlying funds. Additionally, investments by Arden (and its members and/or related persons) for their own accounts in underlying funds that may be suitable investment opportunities for any Funds are subject to review by Arden's compliance department.

Arden has considered its fiduciary and regulatory obligations under the Advisers Act and has adopted a Code of Ethics to address its obligations and provide safeguards against conflicts of interest. Some of the key features of Arden's Code of Ethics are highlighted below:

- (i) Standards of Conduct and Compliance with Laws – Arden has adopted certain Business Principles that each employee and other person under the supervision of Arden designated as Covered Persons under the Code of Ethics (“Covered Persons”) is required to read and abide by. In addition, Arden's Code of Ethics requires all Covered Persons to comply with all laws, rules and regulations applicable to their activities.
- (ii) Protection of Material Nonpublic Information – Arden has adopted an Insider Trading Policy that forbids Covered Persons from trading, either personally or on behalf of others, on the basis of material nonpublic information in violation of the law.
- (iii) Personal Securities Trading – Arden has adopted certain provisions regarding restrictions on personal securities trading including pre-clearance requirements for all Covered Persons for investments in private securities, other limited offerings and initial public offerings.
- (iv) Reporting – Arden Covered Persons are required to:
 - provide duplicate copies of broker's statements and account statements for “reportable securities” to Arden's compliance department; and
 - submit a complete report of their securities holdings within 10 days of becoming a Covered Person, and at least once a year thereafter.
- (v) Reporting Violations – Arden's compliance department will consider reports made to them and upon determining that a violation of the Code of Ethics has

occurred, and may, at their discretion, impose such sanctions or remedial action as they deem appropriate or as required by law.

- (vi) Educating Employees about the Code of Ethics – Arden provides each employee with a copy of the Code of Ethics and any amendments thereto. Each Covered Person must acknowledge, in writing, his/her receipt and understanding of the Code of Ethics and is required to re-certify annually. In addition Covered Persons are required to participate in initial and annual firm-wide and individually tailored training on Code of Ethics topics.

Clients may obtain a copy of Arden's Code of Ethics by contacting Thomas G. Kennedy via e-mail at tkennedy@ardenasset.com or by telephone at (212) 659-3406.

Brokerage Practices

Though Arden generally has authority to determine the broker or dealer that would be used to purchase securities, investment by funds of funds in underlying funds generally do not involve brokers or dealers. However, Arden has adopted policies designed to ensure that selection of brokers or dealers would be done appropriately to the extent it became applicable, which policy does not allow for Arden to receive products or research services in return for payment of commissions to brokers or dealers ("soft dollars").

As stated in the Code of Ethics, Participation or Interest in Client Transactions and Personal Trading sections above, Arden will consider each allocation to an underlying fund made on behalf of a client account/fund of funds to be an independent investment decision.

Review of Accounts

The Investment Committee of Arden serves as Arden's investment decision-making body, with responsibility for developing, maintaining and overseeing the four elements of Arden's investment process: (1) sourcing and selection of underlying funds, (2) due diligence of underlying funds, (3) construction of Fund investment portfolios, and (4) monitoring and risk management of underlying funds and Fund portfolios.

The five (5) member Investment Committee is made up of Arden's Chief Executive Officer, and the heads of Arden's Research, Risk and Portfolio Analysis functions. The Investment Committee receives input from the other members of Arden's investment team, and makes decisions on a consensus basis. The Investment Committee has responsibility for investment policies and priorities, as well as all traditional functions of chief investment officer and portfolio manager, including that the Investment Committee is responsible for all decisions to invest with, remain invested with or redeem from an underlying fund. The Investment Committee typically meets at least weekly, and often meets at least 4-6 times per month.

The Investment Committee also provides oversight and supervision of the investment activities of Shakil Riaz, who serves in a leadership role for the management of certain Funds, also with input from the other members of Arden's investment team. The Investment Committee provides oversight by approving proposed investments for such Funds, approving portfolio

objectives/guidelines, strategy targets, and review of other research, P&L and performance reports and analytics.

Investors in the Funds generally receive written unaudited monthly reports which include performance data and details regarding the various investment strategies, the applicable financial markets and portfolio outlook. In addition to monthly reports, investors in the Funds generally are also provided with written quarterly unaudited reports that include detailed analyses of the various portfolio strategies employed by the Funds. Investors in the funds generally also receive a written statement of their capital account balance as of the end of each quarter, or more frequently. Investors in the Funds are generally also provided with written annual audited year-end financial statements within 180 days after the end of the applicable Fund's fiscal year. Other customized portfolio clients may receive the same or similar reporting.

Client Referrals and Other Compensation

Arden may in some circumstances compensate persons who introduce investors to Arden or to investment funds managed by Arden, which payments may be in the form of an up-front commission or a portion of Arden's fee or other payment by Arden, and which payment arrangements may vary on a case-by-case basis. Arden has a policy with regard to such compensation arrangements that is designed to comport with Rule 206(4)-3 and Rule 206(4)-5 of the Advisers Act as applicable.

From time to time Arden makes charitable or political contributions and donations and sponsors charity events. Such activities are at the sole discretion of Arden, but are sometimes at the request of a client, investor, prospective client, prospective investor, consultant, and other individuals and entities or affiliates with which Arden does or may do business with in the future. Arden may have an incentive to make such contributions, donations, and sponsorships for a number of reasons. For example, the individuals and entities making these requests may pay Arden or its affiliates advisory, management, and incentive fees for investment advisory services rendered and/or may refer clients and investors to Arden who would subsequently pay advisory, management, and incentive fees. To the extent that an individual or entity retains Arden for advisory services, Arden may also offer terms that are more favorable than those otherwise available to other clients of Arden or investors in Funds sponsored by Arden.

In the normal course of business, Arden may also provide gifts and gratuities, that in some cases may take the form of charitable contributions and donations, to various individuals and entities such as clients, investors, vendors, consultants and service providers. These gifts and gratuities are not premised upon client referrals or any other type of benefit to Arden. Nevertheless, this practice may present the appearance of a conflict of interest in the event that the individual or entity refers a prospective client to Arden.

Arden maintains written policies and procedures with regard to the giving and receipt of gifts and gratuities and the giving of donations, contributions, and sponsorships. These policies and procedures require, among other things, internal approval for certain activities in order to help minimize the risks associated with potential conflicts of interest between the interests of Arden and its clients. Further, such policies and procedures prohibit giving or receiving gifts, donations,

contributions, sponsorships, and other gratuities that Arden determines are lavish or excessive under the circumstances.

Custody

All client assets are held in custody by unaffiliated broker/dealers or banks; however, Arden may be deemed to have access to certain client portfolios by virtue of it or an affiliate serving as the General Partner or Managing Member, or in a similar capacity, to the Funds. Fund investors generally will not receive statements from the custodian. Instead the Funds are subject to an annual audit and the audited financial statements are distributed to each investor. The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 180 days of the Funds' fiscal year ends.

Investment Discretion

Subject to the investment guidelines set forth in the offering and/or operational documents of the applicable Fund or other account, Arden has discretion to determine the underlying funds or accounts in which the Funds and other accounts advised by Arden will invest, and to determine the amount of investment in such underlying funds or accounts.

Voting Client Securities

Arden has adopted Proxy Voting Policies and Procedures (the "Procedures") that are designed to ensure that Arden votes proxies with respect to client securities in the best interests of its clients. The Procedures also require that Arden identify and address conflicts of interest between Arden and its clients. If a material conflict of interest exists, Arden will determine whether voting in accordance with the guidelines set forth in the Procedures is in the best interests of the client or whether Arden should take some other appropriate action.

It should be noted that Arden is an investment adviser to funds-of-funds, and as such the client portfolios over which it has investment discretion generally do not hold exchange-traded securities that regularly solicit votes, consents or proxies. In the case that Arden is required to make a vote or grant an approval relating to an underlying fund, Arden generally votes in favor of routine corporate housekeeping proposals (where no corporate governance issues are implicated). Generally, for other proposals, Arden will vote in accordance with the recommendation of management unless such vote would serve to subject investors to worse investment terms. Even in such event, Arden would only oppose management's recommendation if such opposition would not result in the applicable Fund's interest in the underlying fund being redeemed, unless it determines that such redemption is in the best interest of the applicable Fund. Investors in Funds generally cannot direct Arden how to vote proxies related to securities in the Fund; however, clients for whom Arden may design and manage customized portfolios are able to benefit from optional structuring features; among them the ability to instruct Arden on how to vote proxies relative to securities in their portfolio.

Clients may obtain a copy of Arden's Procedures and information about how Arden voted proxies relative to securities in their portfolio (and on an accommodation basis, investors may also request information concerning how Fund's proxies were voted) by contacting Dov Lando via e-mail at dlando@ardenasset.com or by telephone at (212) 751-5252.

Financial Information

Arden has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.