

Part 2A of Form ADV

Jones & Company

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This brochure (the “**Brochure**”) provides information about the qualifications and business practices of Jones & Company. If you have any questions about the contents of this Brochure, please contact us at (775) 746-7676 and/or info@jonesfunds.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.

Jones & Company is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

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

MATERIAL CHANGES

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 30, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this section will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes.

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ADVISORY BUSINESS

Jones Commodities, Inc., doing business as Jones & Company, is a Nevada corporation founded in 1983. Its direct owners are the Breitfuss Family Trust and the Estate of Deane Jones.

As described more fully below, Jones & Company provides investment management services to High Sierra Investments, High Sierra Partners I (QP), L.P., High Sierra Limited (each, a “**Fund**” and collectively, the “**Funds**”). Each of High Sierra Partners I (QP) and L.P., High Sierra Limited not invest and trade their assets directly; instead, they contribute substantially all of their assets to the High Sierra Investments (the “**Master Fund**”) and participate in the Master Fund’s investments.

The Funds are all considered “funds-of-funds” in that they typically allocate their assets to multiple portfolio managers that pursue various alternative investment strategies (“**Sub-Managers**”). Each of the Funds will allocate its assets to Sub-Managers by investing in pooled investment vehicles managed by Sub-Managers (“**Sub-Funds**”) and/or will allocate its assets to one or more Sub-Managers by opening managed accounts with such Sub-Managers (“**Managed Accounts**”).

Jones & Company does not tailor the investment decisions of the Funds to individual clients and clients generally will not be able to impose restrictions on the Fund’s investments in certain securities or types of securities.

As of the date of this Brochure, Jones & Company has approximately \$45,000,000 in assets under management, all of which is discretionary.

High Sierra Investments

High Sierra Investments is a Nevada general partnership that acts as a master fund for High Sierra Partners I (QP), L.P. Jones & Company serves as Jones & Company of High Sierra Investments and High Sierra Partners I (QP), L.P.

Investors may not invest directly in High Sierra Investments, and High Sierra Investments will not pay management or incentive compensation to Jones & Company or to any other person.

High Sierra Partners I (QP), L.P.

High Sierra Partners I (QP), L.P. is a Nevada general partnership that invests substantially all of its assets in High Sierra Investments. Jones & Company serves as Jones & Company of High Sierra Investments and High Sierra Partners I (QP), L.P.

Fees

Jones & Company receives a monthly management fee (the “**Management Fee**”) equal to 0.125% of the net asset value (“**NAV**”) of each investor’s capital account as of the end of each month (approximately 1.5% annually).

Additionally, the Fund also allocates to Jones & Company 10% of any “Net New Profit” of the value of each investor’s capital account at the end of each calendar month (“**Incentive Allocation**”). “**Net New Profit**” is any amount by which the NAV of an investor’s capital account exceeds the “**High Water Mark**” for such account, which is the NAV of the capital account immediately after the assessment of the most recent Incentive Allocation (adjusting for any withdrawals or distributions since such assessment) or, if the account has never been assessed an Incentive Allocation, the amount of the capital contribution

that established such capital account (adjusting for any withdrawals or distributions since it was established).

Liquidity

An investor may generally withdraw all or any part of the balance of its capital account(s) (a minimum of \$10,000 per transaction while maintaining an aggregate balance of \$200,000 or more is required) as of the end of any calendar quarter, upon not less than 60 calendar days prior written notice.

Jones & Company may require any investor to withdraw all or any portion of such investor's capital account as of any month-end by giving not less than 15 calendar days prior written notice to such investor. Jones & Company may also require withdrawals at any time without notice for certain tax and regulatory reasons.

The Fund ordinarily will pay 100% of the estimated proceeds payable to an investor in connection with a withdrawal within thirty (30) business days after the Fund receives proceeds of any withdrawals that the master fund makes from sub-funds in which it invests in order to fund such withdrawal.

High Sierra Limited

High Sierra Limited is a Bermuda exempted mutual fund. Jones & Company serves as the allocation manager to High Sierra Limited.

Fees

Jones & Company receives a monthly Management Fee equal to 0.125% of the Fund's total NAV as of the end of each month (approximately 1.5% annually).

Jones & Company also receives an Incentive Fee equal to 10% of the "**Net New Profits**" in each Share as of the end of each month (the "**Incentive Fee**"). "Net New Profits" are any amount by which the NAV of a Share exceeds its "**High Water Mark**," which is the NAV of the Share immediately after the assessment of the most recent Incentive Fee or, if the Share has never been assessed an Incentive Fee, the NAV of the Share when it was purchased. The Incentive Fee is calculated and accrued monthly after the assessment of the management fee, but is paid to Jones & Company quarterly.

Liquidity

An investor may generally redeem any or all of its Shares as of each "**Redemption Date**," which is the last day of each calendar quarter or such other day as the Fund's board of directors (the "**Board**") determines, at the NAV per Share as of the end of the last Valuation Day of the quarter on 60 days prior written notice to the Administrator. The "**Valuation Day**" is the business day immediately preceding the first business day of the month. There is no redemption fee, nor is there any minimum period of time an investor must hold its Shares in order to redeem them.

Please see the relevant Fund's Confidential Private Placement Memorandum or similar offering document (each, an "Offering Memorandum") for additional details on the terms of an investment in that Fund.

FEES AND COMPENSATION

Jones & Company's standard fee schedule is described above in the description of each Fund. In certain circumstances, alternative fees for a particular Fund may be negotiated between Jones & Company and the relevant investor. The Funds offered and described above are considered fund-of-funds and, in addition to the investment management and incentive compensation paid to Jones & Company, investors are also subject to management and incentive compensation payable to the Sub-Managers. Additionally, investors will indirectly incur brokerage and other transaction costs as a result of the trading by the Sub-Managers (see Brokerage Practices below). The result of this structure therefore creates a total fee structure that may be higher than the fee structure for other investment products.

Jones & Company does not accept compensation for the sale of securities or other investment products from third parties.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Jones & Company generally charges the performance-based fees described above as incentive fees or incentive allocations. Additionally, performance-based fees are generally charged by the Sub-Funds or Managed Accounts in which the Master Fund invests.

Jones & Company's performance-based fees depend on continuing increases in the Funds' profitability. This creates an incentive for Jones & Company to allocate the Funds' assets in a manner that is riskier or more speculative than would otherwise be the case. Similarly, the performance compensation payable to the Sub-Managers will depend on continuing increases in the value of the assets they manage, creating an incentive for them to invest and trade assets that are allocated to them by the Funds (and other investors) in a manner that is riskier or more speculative than would otherwise be the case.

Jones & Company's performance-based fees are determined on the basis of the value of the Funds' assets, including value attributable to unrealized appreciation. Thus, incentive fees or allocations may be made to Jones & Company based on positions that were profitable at the time such fees were assessed but unprofitable when eventually liquidated.

Additionally, Jones & Company has incentive to favor higher fee paying clients over other clients in the allocation of investment opportunities. Jones & Company has policies in place to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

TYPES OF CLIENTS

Jones & Company provides investment management services to private investment funds that it sponsors as well as other private investment funds, trusts, estates and charitable organizations.

Each Fund is offered only by its Offering Memorandum to investors who meet the relevant investor eligibility requirements. Please see the relevant Fund's Offering Memorandum for more information on the investor eligibility requirements for that Fund.

Additionally, each Fund is subject to a minimum investment amount. Jones & Company (or the Board of Directors of High Sierra Limited, as the case may be) may raise or lower the minimum investment amount for each Fund and/or accept an initial capital contribution below the established minimum in its discretion. Please see the relevant Fund's Offering Memorandum for more information on the minimum investment amount for that Fund.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Jones & Company believes that investing a portion of the Master Fund's portfolio in a diverse group of non-traditional trading strategies can substantially reduce the portfolio's exposure to the market risk inherent in traditional long-only equity and fixed-income investment programs. The Master Fund participates in these non-traditional strategies by allocating its capital to various Sub-Managers with a variety of trading styles and strategies.

Jones & Company's main investment function is, with the assistance of any consultant it may retain, to identify, evaluate and select strategies and Sub-Managers, seek the optimal allocation of Master Fund assets and rebalance the Master Fund's portfolio from time to time. Certain of the strategies used by the Sub-Managers are set forth below.

- *Convertible bond arbitrage.* This arbitrage generally consists of taking long positions in convertible bonds or warrants and short positions in the underlying stock. A Sub-Manager seeks to profit from changes in the price relationships between the securities.
- *Hedged (long/short) equities.* These strategies typically take partially offsetting long and short positions in the common stock of different issuers. A Sub-Manager's objective is to be long the stock considered likely to outperform and short the stock considered likely to underperform.
- *Relative value trading.* These strategies take long and short positions in securities that are related but not identical, such as selling an interest-rate swap for future settlement and buying an option, at a price that is viewed as undervalued, on a similar swap.
- *Risk/merger arbitrage.* Involves transaction-specific analysis and seeks to profit by buying securities that are discounted from the value to be paid for them in a proposed merger or acquisition, due to uncertainty as to the completion of the transaction or its timing.
- *Fixed-income arbitrage.* Seeks to exploit mispricings between related sets of fixed income securities. This strategy generally includes yield curve arbitrage and futures vs. bond arbitrage.
- *Mortgage arbitrage.* These strategies involve the purchase of mortgage-backed securities or CMOs and the simultaneous short sale of other fixed-income securities, such as government bonds or Treasury bond futures, to seek to lock in yield spreads and minimize interest rate risk by creating a duration-neutral fixed-income portfolio.
- *Corporate restructuring (distressed).* Seeks to profit from buying securities of a distressed corporation, which often sell at a discount due to the lack of information about the issuer's financial condition and uncertainty about its structuring plans.
- *Special situations (event-driven).* These strategies focus on event-related profit opportunities, such as spin-offs and liquidations.
- *Emerging markets.* Focuses on traditional fixed-income, value and growth equity investments in the markets of less-developed countries.

Jones & Company will select Sub-Managers based on various criteria, including the following:

- *Performance.* The attractiveness and consistency of the Sub-Manager's performance, including its returns (net of expenses) and the volatility of those returns.

- *Leverage.* Whether the Sub-Manager uses leverage in its trading, and if so the degree to which it uses leverage.
- *Assets under management.* The relationship of the amount of assets managed by the Sub-Manager to the perceived capacity of the Sub-Manager's trading system.
- *Longevity.* The length of time the Sub-Manager has been using its strategy, including how the strategy has fared during various market periods.
- *Background.* The Sub-Manager's business background prior to organizing its Sub-Fund.
- *Depth of organization.* The number of professional and support personnel, and range of functions, in relation to the Sub-Manager's assets under management and the complexity of its trading strategy.
- *Risk controls.* Jones & Company's assessment of the Sub-Manager's risk control measures and back office procedures.
- *Correlation.* The degree to which the Sub-Manager's performance is negatively correlated to the U.S. equity and fixed-income markets. Jones & Company believes that while most Sub-Managers take some type of directional risk (i.e., their returns are influenced to some extent by the performance of the U.S. equity and fixed-income markets), Jones & Company will focus on Sub-Managers whose investment philosophy is to be primarily hedged or non-directional.

Jones & Company believes that, through diversification and prudent allocation to the Sub-Funds, the Fund can significantly reduce the risk associated with exposure to any single Sub-Manager, reduce the volatility of return in the Master Fund's overall portfolio, limit the influence of the U.S. equity and fixed-income markets on the Master Fund's performance and reduce the risk of loss in any calendar year. Jones & Company does not expect to allocate more than 15% of the Master Fund's assets to any one Sub-Manager.

Jones & Company actively monitors the performance of the Sub-Managers and actively evaluate prospective new strategies and Sub-Managers. Specifically, Jones & Company will review the performance of each Sub-Manager on at least a monthly basis and compare the Sub-Manager's performance to market indices and peer performance; conduct on-site visits of the Sub-Manager; have periodic meetings with prospective new Sub-Managers; periodically verify Sub-Managers' fees and profit allocations; and review asset allocations among the Sub-Managers.

Jones & Company expects that from time to time it will terminate Sub-Managers, add new Sub-Managers and change the Fund's allocations to the existing Sub-Managers. These decisions will be based on such factors as the Sub-Manager's returns and volatility; changes in Sub-Manager personnel; changes in the Sub-Manager's trading strategy; general market or economic conditions; and diversification objectives.

Jones & Company may at times itself buy or sell securities or securities derivatives for the Fund for the purpose of reducing the exposure of the Master Fund's portfolio to directional market moves. For example, Jones & Company may on occasion cause the Master Fund to buy or sell options on a stock market index to seek to hedge the Fund against the risk of a general stock market decline. In this respect, Jones & Company would effectively function as one of the Master Fund's Sub-Managers, although it would not be paid any separate fee for doing so.

The material risks related to these methods of analysis and investment strategies are as follows:

The risk factors listed below do not encompass all of the risks associated with an investment in a particular Fund. Please see the relevant Fund's Offering Memorandum for more information on the risks associated with an investment in that Fund. The primary risk factors associated with investing in the types of fund-of-funds offered by Jones & Company include the following:

Portfolio Concentration. Some Sub-Managers may have overlapping strategies or portfolios and thus could accumulate large positions in the same or related instruments at the same time. In many cases, however, Jones & Company will not be given access to information regarding the actual investments made by the Sub-Funds in which the Master Fund invests, as most Sub-Manager considered such information proprietary. As a result, Jones & Company ordinarily will be unable to ascertain the degree of a Fund's overall hedged or directional positions, or the extent of concentration risk or exposure to specific markets or strategies. Even if it were able to ascertain these matters, Jones & Company's ability to mitigate the associated risks would depend on its ability to reallocate capital among existing or new Sub-Managers. This might not be feasible for several months until withdrawals and contributions are permitted by the relevant Sub-Funds.

Use of Leverage. The investment strategies of the Sub-Managers may require the use of substantial leverage. Such leverage may be achieved through, among other methods, borrowing funds, purchases of securities on margin and the use of options, futures, forward contracts, repurchase and reverse repurchase agreements and swaps. A Fund may also borrow in its portfolio. The use of leverage magnifies the degree of risk as well as the opportunity for gain.

Use of Derivatives. A number of the Sub-Managers may use derivative instruments, including without limitation, option contracts, swap agreements and forward contracts, and derivative techniques, including without limitation, synthetic short sales, for various hedging and/or speculative purposes. The use of such instruments and techniques may result in leveraging the assets of a particular Sub-Fund or Managed Account, thereby exposing such Sub-Fund or Managed Account (and thus a Fund) to significant risks.

Short Selling. Some Sub-Managers may engage in selling securities short, which involves the sale of borrowed securities. The principal risk in selling a particular security short is that, contrary to the Sub-Manager's expectation, the price of the security will rise, resulting in a loss equal to the difference between the cost of acquiring the security (for return to the lender) and the net proceeds of the short sale. (This risk of loss is theoretically unlimited, since there is theoretically no limit on the price to which the security sold short may rise.) Another risk is that the short seller may be forced to unwind a short sale at a disadvantageous time for any number of reasons. For example, a lender may call back a stock at a time the market for such stock is illiquid or additional stock is not available to borrow. In addition, some traders may attempt to profit by making large purchases of a security that has been sold short. These traders hope that, by driving up the price of the security through their purchases, they will induce short sellers to seek to minimize their losses by buying the security in the open market for return to their lenders, thereby driving the price of the security even higher.

Trend Following. Some Sub-Managers may use computer pricing models to identify apparently overpriced or underpriced options in relationship to an assumed norm. In addition, analyses of price and other fluctuations over time may be relied upon which utilize charts and computers in order to discern and predict trends. Trading based on such analyses is subject to the risks that options premiums will not increase or decrease as predicted by the analysis, or that trades dictated by the analysis may not be executed in time to take advantage of the price disparities. This latter risk is likely to materialize when numerous market makers use similar analyses, all of which dictate the desirability of executing identical or similar contracts. In the past, there have been periods without identifiable trends and, presumably, such periods will continue to occur. Trading models or analyses that depend upon the forecasting of trends will not be profitable if there are not identifiable trends of the kind that the models or analyses seek

to follow. Any factor which would make it more difficult to execute trades in accordance with the models or analyses signals, such as a significant lessening of liquidity in a particular market, would also be detrimental to profitability.

Below “Investment Grade” Securities. Some Sub-Managers may invest in bonds or other fixed income securities, including “high yield” (and, therefore, high risk) debt securities. These securities may be below “investment grade” and are subject to uncertainties and exposure to adverse business, financial or market conditions which could lead to the issuer’s inability to make timely interest and principal payments. The market values of these securities tend to be more sensitive to individual corporate developments and general economic conditions than do higher rated securities.

Distressed Investing. Sub-Managers may invest in securities and private claims and obligations of entities that are experiencing significant financial or business difficulties. The investing Sub-Fund may lose all or a substantial portion of its investment in such distressed companies or may be required to accept cash or securities with a market value of less than the initial investment. One of the risks of investing in distressed entities is the difficulty of obtaining information as to the true condition of such issuers. Distressed company investments may also be adversely affected by state and federal laws relating to fraudulent conveyances, voidable preferences, lender liability and a court’s discretionary power to disallow, subordinate or disenfranchise particular claims. The market prices of such securities are also subject to erratic changes and above-average price volatility, and the spread between the bid and asked prices of such securities may be greater than normally expected.

Replacement of Sub-Managers or Sub-Funds. Except as set forth in the relevant Memorandum, a Fund is not restricted in appointing or replacing Sub-Managers or Sub-Funds. A Fund’s investments with a particular Sub-Manager or Sub-Fund may be replaced for a variety of reasons, such as a more favorable investment opportunity or other circumstances bearing on the desirability of a continued position with such Sub-Manager or Sub-Fund. Replacement of Sub-Managers or Sub-Funds may involve greater fees, which will be borne directly by the relevant Fund.

Trading in Non-U.S. Companies and Markets. Some Sub-Managers may invest in non-U.S. companies and/or trade in non-U.S. markets. Trading in the securities of non-U.S. companies involves certain considerations not usually associated with trading in securities of U.S. companies, including political and economic considerations, such as greater risks of expropriation and nationalization, confiscatory taxation, the potential difficulty of repatriating funds, general social, political and economic instability and adverse diplomatic developments; the possibility of imposition of withholding or other taxes on dividends, interest, capital gains or other income; the small size of the some markets in foreign countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict investment opportunities. In addition, accounting and financial reporting standards that prevail in foreign countries generally are not equivalent to United States standards and, consequently, less information may be available to investors in companies located in foreign countries than is available to investors in companies located in the United States. There is also less regulation, generally, of the financial markets in foreign countries than there is in the United States. For example, some foreign exchanges, in contrast to domestic exchanges, are “principals’ markets” in which performance is the responsibility only of the individual member with whom the trader has entered into a contract and not of an exchange or clearing corporation. In such a case, an investor is subject to the risk of the inability of, or refusal by, the counterparty to perform with respect to such contracts.

Illiquid Investments. Despite the generally heavy volume of trading in most of the instruments traded by the Sub-Managers, the markets for some of those instruments may have limited liquidity and depth. This lack of depth could be a disadvantage to the Funds, both in the realization of the prices which are quoted

and in the execution of orders at desired prices. In addition, a Sub-Fund may have the ability to suspend, gate or otherwise limit a Fund's ability to withdraw or redeem, as applicable, from the Sub-Fund due to illiquidity of the Sub-Fund's portfolio.

Sub-Manager Misconduct or Bad Judgment. The Funds ordinarily will not have custody or control over the assets they allocate to Sub-Funds. As a result, it will be difficult, and likely impossible, for Jones & Company to protect the Funds from the risk of Sub-Manager fraud, misrepresentation or simple bad judgment. Among other things, a Sub-Manager could divert or abscond with the assets allocated to it, fail to follow its stated investment strategy and restrictions, issue false reports or engage in other misconduct. This could result in serious losses to the Funds.

Wide Investment Discretion. The governing documents of the Sub-Funds in which the Master Fund invests typically will not impose significant restrictions on the manner in which the Sub-Managers of such funds may invest and trade for such funds, and often will permit the Sub-Managers to invest and trade in a broad range of securities and other financial instruments. As a result, the Sub-Managers may from time to time modify their investment strategies in response to changing market conditions, in some cases without notice to Jones & Company. Any such modification could involve changes in the types of securities and other instruments a Sub-Manager uses to implement its strategy, as well as changes in the markets in which such securities and other instruments trade. There can be no assurance that any such modification would be successful or not result in losses to the Funds.

Lack of Information Concerning Sub-Managers. Jones & Company may not learn of significant Sub-Manager structural events, such as personnel changes, major asset withdrawals/redemptions or substantial capital growth, until after the fact.

Sole Principal Sub-Managers. Some of the Sub-Managers to whom the Funds may allocate capital may consist of only one or a limited number of principals and key employees. If the services of any of such principals or employees became unavailable (for example, by reason of death, disability, severance or retirement), the Sub-Funds or Managed Accounts they manage, and thus the Funds, could sustain losses.

Competition. The Sub-Managers will engage in investment and trading activities that are highly competitive with other investment and trading programs, including those of mutual funds and other financial institutions, investment banks, broker/dealers, commercial banks, insurance companies and pension funds, as well as private investors, all of whom may have investment objectives similar to those of the Sub-Managers. These competitors may have substantially greater resources and substantially greater experience than the Sub-Managers.

New Managers. Some Sub-Managers may be new or relatively new ventures and have little or no operating history upon which their performance can be evaluated.

Risk of Litigation. A Sub-Manager might become involved in litigation as a result of investments made by a Sub-Fund or Managed Account it manages. Under such circumstances, such Sub-Fund and/or the relevant Fund could be named as a defendant in a lawsuit or regulatory action.

Misuse of Confidential Information. In trading public securities, there are consequences for trading on insider information, and Jones & Company expects that Sub-Managers will use only public information. Sub-Managers may be charged with misuse of confidential information. If that were the case, the performance records of these Sub-Managers could be misleading. Furthermore, if a Sub-Manager or entity with which the Master Fund invests has engaged in the past or engages in the future in such misuse, the Funds could be exposed to losses.

Increase in Amount of Assets Under Management. The Funds may invest with Sub-Managers who are experiencing a major increase in the assets they manage. It is not known what effect, if any, an increase in the amount of assets under management will have on their trading strategies or investment results, but it could impair the ability of their strategies and operations to perform up to historical levels.

Other Clients of Sub-Managers. The Sub-Managers have responsibility for investing the funds allocated to them. The Sub-Managers may also manage other accounts (including other accounts in which the Sub-Managers may have an interest) and may have financial and other incentives to favor such accounts over the Funds. In investing on behalf of other clients, as well as the Funds, Sub-Managers must allocate their resources, as well as limited market opportunities. Doing so not only could increase the level of competition for the same trades that otherwise might be made for the Funds, including the priorities of order entry, but also could make it difficult or impossible to take or liquidate a particular position at a price indicated by a Sub-Manager's strategy.

Failure of Custodians. Financial institutions such as broker-dealers and banks will have custody of the assets of the Sub-Funds and the Funds, including their margin deposits. Often these assets will not be registered in the name of a Sub-Fund or the Funds. Financial difficulty, fraud or misrepresentation at one of these institutions could impair the operational capabilities or capital position of a Sub-Fund or the Funds.

Dependence on Jones & Company and Key Personnel. Jones & Company will make all investment decisions for the Funds. As a result, the success of the Funds will depend to a great extent on the investment skills of Jones & Company and its principals. The Funds could be adversely affected if, because of illness or other factors, their services were not available for any significant period of time.

Substantial Fees and Expenses. The Funds are subject to substantial fees, transaction costs and other costs and other expenses, regardless of whether it realizes any profits. Among other things, investors will bear management fees and incentive compensation. Further, as a "fund of funds," the Funds bear their allocable share of the costs and expenses of the Sub-Funds in which they invests (including their allocable share of the management and incentive compensation payable to the Sub-Managers). This may cause the Funds to have higher expenses than other investment funds, and the Funds will have to earn substantial profits to avoid depletion of its assets due to such costs and expenses.

Miscalculation of Fund NAV. A Sub-Manager may, after it has provided a Fund with a month-end or quarter-end NAV, later revise that determination, thus requiring the Fund to adjust the calculation of its own NAV for that period. This could result in a Fund's overpayment or underpayment of investors who withdrew from the Fund as of the end of the period, which could adversely affect remaining investors.

Sub-Funds' Limitations on Withdrawals. While Fund investors will have certain withdrawal rights as described in the relevant Memorandum, the Sub-Funds in which the Master Fund invests may not permit withdrawals at the same intervals or on the same notice. In addition, the Sub-Funds may have the ability to suspend, gate or otherwise limit the Funds' right to liquidate its holdings. For this reason, Jones & Company has authority to restrict investors' withdrawal or redemption rights, on a pari passu basis among all investors in a particular Fund, if and to the extent that Fund is unable to obtain sufficient funds to honor withdrawal requests from the Fund by withdrawing from Sub-Funds, through borrowing or otherwise. Investors requesting withdrawal or redemption thus may experience delays.

Limited Regulation. The Funds are offering interest or shares, as applicable, to investors pursuant to the exemption from registration under the Securities Act provided by Regulation D. Similarly, the Sub-Funds in which the Master Fund invests generally will be private and will not register their securities or investment operations under the Securities Act.

Investments Not Tax-Driven. A substantial portion of a Fund's income may constitute short-term capital gain or ordinary income in the form of dividends and interest, all of which are subject to income tax at the highest rate. Furthermore, Jones & Company's allocation and reallocation decisions will be based primarily on economic, and not tax, considerations. This could result, from time to time, in adverse tax consequences to investors.

There can be no assurance that the methods described above will be successful or that clients will not suffer losses. Investing in securities involves risk of loss that clients should be prepared to bear.

DISCIPLINARY INFORMATION

Jones & Company is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of it or the integrity of its management. Jones & Company has no information applicable to this section.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Jones & Company is registered as a commodity trading advisor ("CTA") and a commodity pool operator ("CPO") with the U.S. Commodity Futures Trading Commission (the "CFTC") and is a member of the U.S. National Futures Association ("NFA"). Three of Jones & Company's management persons, Michael Abbott, Curt Breitfuss and Trinidad Guillen, are registered with the CFTC as Principals and Associated Persons of Jones and Company and are members of the NFA in that capacity.

Additionally, Draco Capital Management LLC, an affiliate of Jones & Company, is also registered as a CTA and a CPO with CFTC and is a member of the NFA. Mr. Abbott and Mr. Guillen are also registered with the CFTC as Principals and Associated Persons of Draco Capital Management LLC and are members of the NFA in that capacity.

CODE OF ETHICS

Jones & Company and its related persons may invest and trade in securities and other financial instruments for their own accounts, even if such securities and other financial instruments are the same as or similar to those in which the Fund invests and trades, and even if such trades compete with or are opposite those of the Fund; however, employees of Jones & Company are expected to purchase or sell securities for personal accounts only after any trading of that same security has been completed by the Funds. Neither Jones & Company nor its related persons will knowingly trade for their own accounts in a manner that is detrimental to the Funds, nor will they seek to profit from their knowledge that the Funds intend to engage in particular transactions.

The Advisers Act imposes a fiduciary duty on investment advisers. As a fiduciary, Jones & Company has a duty of utmost good faith to act solely in the best interests of each of our clients. Jones & Company's clients entrust it with their funds, which in turn places a high standard on Jones & Company's conduct and integrity. Jones & Company's fiduciary duty compels all employees to act with the utmost integrity in all dealings with clients. This fiduciary duty is the core principle underlying Jones & Company's Code of Ethics and represents the expected basis of all of dealings with Jones & Company's clients.

Jones & Company or a related person of Jones & Company may purchase or sell securities that are recommended to, or purchased, or sold for, clients, subject to the oversight of Jones & Company's Chief Compliance Officer ("CCO"). Personal securities transactions by persons associated with Jones & Company are subject to Jones & Company's Code of Ethics. The Code of Ethics includes various reporting, disclosure and approval requirements, described in summary below. Jones & Company

designed these requirements to prevent or mitigate actual or potential conflicts of interest with clients. The Code of Ethics applies not only to transactions by the individual, but also to transactions for accounts in which such person or the person's spouse, minor children or other dependents residing in the same household have an interest. Compliance with the Code of Ethics is a condition of employment.

In accordance with Securities and Exchange Commission rules relating to recordkeeping by investment advisers, Jones & Company requires prompt reports of all Reportable Securities transactions. Jones & Company further requires that all brokerage account relationships be disclosed and annual certifications of compliance with the Code of Ethics from all access persons be submitted. Transactions in U.S. government securities, bank acceptances, bank certificates of deposit, commercial paper, high quality short-term instruments, including repurchase agreements, index-based futures/options, options/futures on treasury notes and bills or currency options/futures, shares of open-end mutual funds and commodities are excluded from the reporting requirements.

The responsibilities of Jones & Company's CCO (or designee) include overseeing the regular monitoring and verification of compliance of covered persons with the requirements of the Code of Ethics, and reporting material violations to Jones & Company's senior management. The CCO will review all Reportable Securities transactions. In addition to reporting and recordkeeping requirements, the Code of Ethics imposes various substantive and procedural restrictions on Reportable Securities transactions. The CCO also may impose more severe sanctions, including suspension of personal investing privileges, or termination of employment, in the case of certain types of violations.

Upon request, a copy of Jones & Company's Code of Ethics will be provided to any client or prospective client.

BROKERAGE PRACTICES

Jones & Company currently trades only in the securities of private investment funds or mutual funds; however, Jones & Company has full discretion to select broker and dealers that execute the securities transactions on behalf of the Funds, and Jones & Company determines the brokerage commission rate paid by the Funds (to the extent the Funds directly trade in securities).

If a Fund trades directly in securities, the rates paid by the Fund may not be the lowest rates each Fund could have obtained, but Jones & Company believes they will be competitive with rates paid by similar customers. Jones & Company selects the brokers based on various factors. The main factors are generally the broker's quality of execution, commission rates, market knowledge and financial condition. Jones & Company may also consider factors that benefit Jones & Company, such as the broker's referral of prospective Fund investors to Jones & Company.

With respect to investments in Sub-Funds and Managed Accounts, the Sub-Managers may have "soft dollar" arrangements with their brokers whereby the Sub-Managers receive benefits from the brokers for causing their private investment funds or managed accounts to maintain accounts with the brokers. Jones & Company has no control over any such arrangements.

REVIEW OF ACCOUNTS

The portfolios of each Fund are reviewed on a monthly basis by Jones & Company for compliance with Jones & Company's risk management standards and the continued suitability of exiting positions. Jones & Company monitors performance of the underlying funds in each portfolio regularly and is in contact with the managers of the underlying funds for each portfolio on a weekly basis.

As soon as reasonably practicable after the end of each calendar month, the Funds will provide each investor with a report reflecting the estimated NAV of such investor's capital account as of the end of such month as compared with the end of the previous calendar month.

As soon as reasonably practicable after the end of each calendar year, each Fund will provide to each of its investors an audited balance sheet of the relevant Fund as of the end of such year and audited statements of income and changes in financial position of that Fund for such year. In addition, each Fund will provide its investors with such tax information and schedules as are necessary to enable such investor to prepare its federal income tax return.

CLIENT REFERRALS AND OTHER COMPENSATION

Jones & Company does not have any arrangements where it is paid cash by or receives an economic benefit from a non-client in connection with giving advice to clients.

Jones & Company has not, but may in the future, enter into agreements with placement agents and agreed to compensate them at its own expense on a basis that is fully disclosed to affected investors. If interests are acquired through a placement agent retained by Jones & Company, the investor should not be viewed as any recommendation of such agent as being disinterested, as the agent will generally be paid for the introduction out of the fees Jones & Company receives from a Fund. Also such placement agent should be regarded as having an incentive to recommend that investors remain investors in a Fund, since the agent will generally be paid a portion of Jones & Company's fees for all periods during which such investors remain investors in a Fund.

CUSTODY

As the general partner, managing member or investment manager of each of the Funds, Jones & Company will generally be deemed to have custody of client assets under the applicable Advisers Act rules (despite the fact that Jones & Company will never have actual physical custody of such assets). Jones & Company will generally comply with the Advisers Act custody rules by delivering audited financial statements for each Fund to its investors within 180 days after the end of each Fund's fiscal year.

In addition, Fund investors will receive, no less frequently than quarterly, statements from the relevant Fund's third-party administrator.

INVESTMENT DISCRETION

Jones & Company has full discretionary authority over the selection of and allocation to the Sub-Managers in each Fund, subject only to the restrictions (if any) described in the Offering Memorandum relating to the applicable Fund.

VOTING CLIENT SECURITIES

The Funds are fund-of-funds and do not generally vote on company proxies. To the extent that Jones & Company is asked to vote proxies, it will do so in the best interest of that Fund, pursuant to Jones & Company's Proxy Policy. Upon request, a copy of Jones & Company's Proxy Policy will be provided to any client or prospective client. Clients may also obtain information from Jones & Company about how Jones & Company voted any proxies on their behalf.

FINANCIAL INFORMATION

Jones & Company is required in this section to provide you with certain financial information or disclosures about its financial condition. Jones & Company has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

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