



**ARCHSTONE MANAGEMENT COMPANY, LLC  
A.P. MANAGEMENT COMPANY, LLC**

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**FORM ADV PART 2**

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**ARCHSTONE ADVISORY MANAGEMENT, LLC**  
**ITEM 1 – COVER PAGE**

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**ARCHSTONE MANAGEMENT COMPANY, LLC**  
**A.P. MANAGEMENT COMPANY, LLC**

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January 2018

This Form ADV, Part 2A brochure (“Brochure”) provides information about the qualifications and business practices of Archstone Management Company, LLC and A.P. Management Company, LLC (together, referred to herein as, “Archstone”). If you have any questions about the contents of this brochure, please contact the Chief Compliance Officer, Rinarisa Coronel DeFronze, at [rdefronze@archstonepartners.com](mailto:rdefronze@archstonepartners.com) or 212.201.0500. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Archstone also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link “Investment Adviser Search”, select “Firm” and type in Archstone’s name). Results will provide you with both Parts 1 and 2A of Archstone’s Form ADV.

Archstone is registered as an investment adviser with the SEC under the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”). SEC registration does not imply a certain level of skill or training. The oral and written communications provided to you, including this Brochure, serve as information for you to use to evaluate Archstone and should be considered in your decision on whether to hire Archstone or to continue to maintain a relationship.

**ARCHSTONE ADVISORY MANAGEMENT, LLC**  
**ITEM 2 – MATERIAL CHANGES**

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Archstone is updating its Brochure as of January 10, 2018. The following is a summary of the material changes made since Archstone's last annual amended its Brochure on March 30, 2017.

- As communicated to our investors in April 2017, Archstone is winding down its business and in the process of liquidating all of the fund portfolios that it manages.
- Archstone changed its address from 360 Madison Avenue, 20<sup>th</sup> Floor, New York, NY 10017 to 100 Park Avenue, Suite 1635, New York, NY 10017. Telephone numbers and e-mail addresses remain the same.
- Archstone continues its efforts to wind down its business and distribute the proceeds of such liquidations to its investors. Archstone will continue to work diligently throughout the next several quarters to manage the liquidation process.
- Archstone made certain clarifying amendments to this Brochure in connection with the wind down.

A copy of this Brochure may be requested by contacting our Investor Relations team at [InvestorServices@archstonepartners.com](mailto:InvestorServices@archstonepartners.com) or at 212.201.0500. The Brochure is also available on our secure website, [www.archstonepartnerships.com](http://www.archstonepartnerships.com).

We may update this Brochure at any time.

**ARCHSTONE MANAGEMENT COMPANY, LLC**  
**A.P. MANAGEMENT COMPANY, LLC**  
**ITEM 3 - TABLE OF CONTENTS**

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	<b><u>Page</u></b>
ITEM 1 – COVER PAGE .....	I
ITEM 2 – MATERIAL CHANGES .....	II
ITEM 3 - TABLE OF CONTENTS .....	III
ITEM 4 – ADVISORY BUSINESS .....	1
ITEM 5 – FEES AND COMPENSATION .....	3
ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....	8
ITEM 7 – TYPES OF CLIENTS .....	9
ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS .....	10
ITEM 9 – DISCIPLINARY INFORMATION .....	22
ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....	23
ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING .....	25
ITEM 12 – BROKERAGE PRACTICES .....	28
ITEM 13 – REVIEW OF ACCOUNTS .....	29
ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION .....	30
ITEM 15 – CUSTODY .....	31
ITEM 16 – INVESTMENT DISCRETION .....	32
ITEM 17 – VOTING CLIENT SECURITIES .....	33
ITEM 18 – FINANCIAL INFORMATION .....	34

**ARCHSTONE MANAGEMENT COMPANY, LLC**  
**A.P. MANAGEMENT COMPANY, LLC**  
**ITEM 4 – ADVISORY BUSINESS**

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Archstone Management Company, LLC (“AMC”) and A.P. Management Company, LLC (“APMC”, together with AMC, referred to herein as, “Archstone”), each a New York limited liability company, were formed in May 1996 and became SEC registered investment advisers on June 28, 2005. The firm’s sole business is to provide discretionary investment advisory services to the Archstone Alternative Solutions Fund, a closed-end management investment company that was formerly registered under the Investment Company Act of 1940, as amended (the “Company Act”) (the “Registered Fund”) and certain commingled private investment funds (the “Private Funds”, and together with the Registered Fund, the “Archstone Funds” or “Funds”). The following Private Funds are exempt from registration under the Company Act:

Delaware Limited Partnerships (the “Partnerships”) <sup>1</sup>:

- Archstone Partners, L.P.
- Archstone Partners II, L.P.
- Archstone Equity Strategies Fund, L.P.
- A.P. Opportunities Fund, L.P.

Cayman Islands Exempted Companies (the “Offshore Funds”) <sup>2</sup>:

- Archstone Offshore Fund, Ltd.
- Archstone Absolute Return Strategies Fund, Ltd.
- Archstone Equity Strategies Fund, Ltd.

Liquidation Update: Archstone continues to make progress in the process of winding down its business. All of the investment funds advised by Archstone are currently being liquidated with a view to returning cash proceeds to the investors in such vehicles as soon as possible, subject to the liquidity terms of the underlying hedge fund managers. It should be noted that because of uncertainties as to liquidity timing and valuation of certain residual side pocket positions held by the underlying funds, Archstone will likely pursue sales of these relatively illiquid assets in the secondary markets. In all cases, Archstone seeks to balance the timeliness of the return of capital to with the value achieved in these secondary market transactions. During the liquidation, the primary goal remains cost effectively maximizing the return of capital on a near-term basis and distributing cash as it becomes available on a quarterly basis.

While Archstone has changed the size of its team and certain aspects of its operations to cost-effectively manage the wind-down, much the information contained in this Brochure remains unchanged so as to provide historical information relating to the Funds’ and Archstone’s policies and practices that were in place prior to the wind-down election. If there are any questions relating management of the liquidation process or Archstone’s current operational procedures, please do not hesitate to contact us at 212-201-0500.

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<sup>1</sup> As of the date of this Brochure, the Partnerships and Registered Fund are being liquidated and are not making further investments.

<sup>2</sup> As of the date of this Brochure, the Offshore Funds are being liquidated and are not making further investments.

Archstone provides advisory services to the Archstone Funds according to the objectives and investment policies described in the Fund's offering prospectus and/or operational documents. The investment objective of the Funds are achieved solely through the direct or indirect allocation of assets to pooled investment vehicles (the "Portfolio Funds") managed by third-party investment managers (the "Portfolio Managers"). Generally, the Portfolio Funds in which the Fund invests employ a variety of investment strategies and have broad mandates. Archstone's investment process is described in greater detail in **Item 8** below.

APMC serves as general partner to A.P. Opportunities Fund, L.P. and Archstone Equity Strategies Fund, L.P.; sub-adviser to Archstone Partners, L.P.; and as investment manager to Archstone Offshore Fund, Ltd., Archstone Equity Strategies Fund, Ltd., Archstone Absolute Return Strategies Fund, Ltd., Archstone Partners II, L.P.; and Archstone Alternative Solutions Fund. AMC serves as general partner to Archstone Partners, L.P. and Archstone Partners II, L.P. APMC and AMC have the same officers, employees and equity owners.

Alfred Shuman is the Managing Member and Co-Portfolio Manager of Archstone and together with his wife Stephanie (and estate planning vehicles established for the benefit of their immediate family members) are the majority owners of the firm.

It should be noted that Archstone neither tailors its advisory services to the individual needs of investors nor accepts investor-imposed investment restrictions. The Funds' investment objectives, and any limitations or restrictions on investments are described in each Fund's offering documents.

As of January 2018, Archstone has approximately \$162,000,000 in assets under management on a discretionary basis. Archstone views its business as a co-venture between its investors, underlying money managers and portfolio funds.

Archstone does not currently manage any assets on a non-discretionary basis.

*As of the date of this filing, Archstone is winding down its business and is in the process of liquidating the portfolios of each of the Funds. As such, the Funds are no longer actively managed for investment purposes.*

**ARCHSTONE MANAGEMENT COMPANY, LLC**  
**A.P. MANAGEMENT COMPANY, LLC**  
**ITEM 5 – FEES AND COMPENSATION**

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*Fees In General*

As a general matter, fees charged by the Archstone Funds include a base percentage of assets under management, and solely with respect to the Private Funds, may also include an incentive allocation/fee structured in a manner to comport with Rule 205-3 of the Investment Advisers Act of 1940, as amended (the “Advisers Act”).

*Private Fund Fees*

The management fees of the Private Funds are generally paid quarterly in advance, and are prorated for contributions made during the quarter. With respect to the Private Funds, any unearned portion of the prepaid quarterly Management Fee for any fiscal quarter that is less than three months will be refunded to the applicable Fund.

Specifically, Archstone is paid a quarterly asset-based management fee, in advance, generally between 1.0-1.5% annually, as more fully described in the Private Fund’s relevant offering and/or operational documents. Archstone may also receive a performance-based quarterly preferred profit participation or annual incentive allocation/fee with respect to certain of the classes/series offered by certain of the Private Funds, generally 5% of investment performance that may be subject to a loss carry forward/high water mark, as described in the relevant offering and/or operational documents. Such management and incentive allocation/fees are calculated after application of the underlying manager fees and expenses. Investors and prospective investors should refer to the offering documents for the applicable Private Fund for a detailed description of its respective fee schedule.

It should be noted that the management fee applicable to Archstone Partners, L.P. is charged *solely* to investors admitted to this Partnership on or after January 1, 2010. These investors are charged a management fee *in lieu of* the preferred profit participation described below.

Investors that were admitted to Archstone Partners, L.P. before January 1, 2010 are charged a quarterly preferred profit participation with respect to their current interests or any additional interests they acquire in the Partnership. Archstone Management Company, LLC is allocated the preferred profit participation at the end of each quarter, based on a percentage of the relevant capital account balances as of the last day of such calendar quarter. Such amount will be payable out of the investor’s cumulative net profits, if any, at the end of a fiscal period in a tax year. To the extent that an investor in the Partnership has insufficient net profit to pay the preferred profit participation, then such unpaid amount will be deferred to a suspense account and will be payable in later fiscal periods when the Partnership has sufficient net profits. If an investor completely withdraws from the Partnership when there is a balance in the suspense account, that investor’s suspense account is forfeited and that amount is paid to Archstone Management Company, LLC.

With respect to terminating the investment advisory relationship, withdrawals/redemptions from the Archstone Funds are subject to significant conditions and restrictions, which are set forth in the relevant Archstone Fund’s governing documents. Such conditions, restrictions, and limitations may include, without limitation:

- The condition that withdrawal/redemption requests be properly submitted in accordance with the relevant Archstone Fund documents and in a timely manner;
- The condition that any “lock-up period” applicable to the interests/shares has expired;
- The condition that withdrawals/redemptions, the calculation of net asset value, or the ability of investors to withdraw/redeem have not been suspended (in whole or in part) by Archstone;
- The condition that payment of withdrawal/redemption proceeds may be deferred, if the relevant Archstone Fund is unable to liquidate its investments in Portfolio Funds in a timely manner;
- Restrictions on the timing of withdrawal/redemption payments;
- Limitations on the amount paid to a withdrawing/redeeming investor due to hold backs or reserves for certain expenses, Archstone Fund liabilities, and contingencies, among other things; and

- Limitations on the method of withdrawal/redemption payments (*i.e.*, in cash or in kind).

Archstone may waive or modify withdrawal/redemption terms for any investor in the Archstone Funds.

#### Private Fund Expenses

The Archstone Funds will bear their own expenses including, but not limited to, taxes, organizational, offering and investment-related expenses, administrative expenses, legal expenses, accounting expenses, audit and tax preparation expenses, insurance, corporate licensing, custodial fees and other direct expenses associated with the operation of the Archstone Funds.

Subject to the expense reimbursement provisions for each Private Fund, the below-referenced reimbursable expenses borne by the Private Funds include, but are not limited to: (i) salaries and compensation of employees of the Archstone Funds or Archstone and its affiliates (other than Alfred J. Shuman) (which includes employee bonuses and incentives as appropriate, employee insurance, payroll taxes and recruiting related expenses); (ii) expenses incurred by Archstone or the Private Fund in connection with the investments made by the Private Fund, including, research expenses relating to the selection and on-going due diligence of prospective and current money managers and the underlying investments made by the Portfolio Funds (*i.e.*, background research studies, portfolio and research management services (including exposure aggregation tools, risk management services, holdings based and statistical analyses, performance repositories), fees for market data systems, subscriptions to periodicals and other research databases); (iii) third-party administration, directorships (as applicable), tax, accounting and custodial fees, as well as Fund and Adviser-related regulatory compliance consulting fees or filing expenses (including but not limited to Form PF, FATCA and CRS), cybersecurity and IT related services; (iv) third-party legal fees and related expenses, including expenses related to corporate licensing, registered office, and other similar expenses; (v) rent and other occupancy expenses, supplies, postage, stationery and charges for furniture and fixtures of the Private Funds or Archstone; (vi) costs of computer hardware and operations software (including phones and portable electronic devices, information systems and equipment) and the costs of updates, modifications, improvements, product testing, maintenance offsite or onsite back-up, repairs and replacements) used in the Archstone Funds' business; (vii) costs relating to promotional activities of Archstone on behalf of the Archstone Funds, including the preparation of brochures and other print advertising, mailings and web-portal costs; (viii) the Archstone Funds' costs relating to meetings of investors sponsored by Archstone; (ix) travel and entertainment expenses (which includes lodging, meals, membership dues and transportation); (x) insurance premiums; (xi) lines of credit, interest on borrowings and other bank maintenance/transaction fees and (xii) entity-level taxes. When expenses relate to services performed by Archstone for more than one Archstone Fund, Archstone intends to allocate such expenses *pro rata* based on each Archstone Fund's assets under management.

#### Private Fund Expense Reimbursement:

##### Archstone Partners, L.P. and Archstone Equity Strategies Fund, L.P.

All expenses relating to the Partnership's operation will be borne by the Partnership, except that Archstone will reimburse the Partnership for all expenses (other than the management fee, interest, taxes, extraordinary expenses (such as litigation expenses) and expenses directly related to an investment or trading transaction of the Partnership) that exceed in any one year .60 of 1% of the Partnership's average quarterly net assets determined as of the first day of each calendar quarter.

##### Archstone Partners II, L.P.

As an investor in Archstone Partners, L.P., the Partnership will also bear its *pro rata* share of all expenses incurred in connection with the ongoing operation of Archstone Partners, L.P. Archstone Partners, L.P. bears all of its own operating expenses and certain overhead expenses as detailed above, except that Archstone reimburses Archstone Partners, L.P. as detailed above. It should be noted that the Partnership will not be subject to the management fee otherwise payable to A.P. Management Company, LLC or the preferred profit participation otherwise allocable to Archstone Management Company, LLC in its capacity as general partner to Archstone Partners, L.P.



A.P. Opportunities Fund, L.P.

All expenses relating to the Partnership's operation will be borne by the Partnership, except that Archstone will reimburse the Partnership for all expenses (other than interest, taxes, the management fee, extraordinary expenses (such as litigation expenses) and expenses directly related to an investment or trading transaction of the Partnership) that exceed in any one year 1% of the Partnership's average quarterly net assets up to \$25 million determined as of the first day of each calendar quarter, and .50 of 1% of the Partnership's average quarterly net assets of \$25 million or more.

Archstone Offshore Fund, Ltd.

In addition to the payment of the management fee, the Fund will reimburse Archstone for expenses incurred by Archstone in connection with the performance of services on behalf of the Fund, so long as such reimbursable expenses, plus the Fund's ordinary expenses, exclusive of interest, taxes, the management fee, extraordinary expenses (such as litigation expenses) and expenses related to an investment or trading transaction of the Fund, do not exceed in any one year 1% of the Fund's average quarterly net assets up to U.S.\$25 million determined as of the first day of each calendar quarter and .50 of 1% of the Fund's average quarterly net assets of U.S.\$25 million or more.

Archstone Equity Strategies Fund, Ltd. and Archstone Absolute Return Strategies Fund, Ltd.

In addition to the payment of the management fee, the Fund will reimburse Archstone for expenses incurred by Archstone in connection with the performance of services on behalf of the Fund, so long as such reimbursable expenses, plus the Fund's ordinary expenses, exclusive of interest, taxes, the management fee, extraordinary expenses (such as litigation expenses) and expenses related to an investment or trading transaction of the Fund, do not exceed in any one year 0.60 of 1% of the Fund's average quarterly net assets determined as of the first day of each calendar quarter.

With respect to Archstone Offshore Fund, Ltd., while the Fund issues Shares: (i) in the British Pound Sterling, in the case of Series C and D Shares, and (ii) in the Canadian Dollar, in the case of Series E and F Shares, as their operational currency, the U.S. Dollar is the functional currency of the Fund and the currency in which all of the Fund's direct investments are denominated. Expenses, gains and losses in respect of any hedging arrangements attributable to a particular Series will be allocated solely to such Series of Shares.

As a general note, by investing in the Archstone Funds, which in turn invests through the Portfolio Funds, an investor will, in effect, incur the costs of two forms of investment advisory services: (i) the Archstone Fund expenses, the management fee and/or preferred profit participation or incentive allocation/fee (if applicable) paid to Archstone, and (ii) the Portfolio Funds' expenses, the management fees and/or incentive allocations or fees paid to managers of Portfolio Funds or managed accounts in selecting investments on behalf thereof. Further, investors in the Archstone Fund may be indirectly bearing brokerage and other transaction costs of Portfolio Funds. Please refer to Item 12 – Brokerage Practices for further information.

Additionally, if, in order to satisfy an investor's withdrawal/redemption request, an Archstone Fund is charged a withdrawal/redemption fee by one or more Portfolio Funds, the withdrawing/redeeming investor's proportionate share of such fee may be deducted from the withdrawal/redemption proceeds.

As noted in **Item 4.B**, Archstone Partners, L.P. (and thus indirectly Archstone Partners II, L.P.) and Archstone Offshore Fund, Ltd. may invest (but have not historically) in one or more vehicles managed or advised by Archstone or an affiliate. In these instances, the investing Archstone Fund will not be charged any management or performance-based fees (if applicable); however, the investing Archstone Fund will pay its *pro rata* share of the expenses of the Archstone Fund in which it invests.

It should be noted that, without notice to other investors, the Private Funds may enter, and certain of the Private Funds have in the past entered, into "side letter" agreements with certain prospective or existing investors (including their respective advisers or consultants) granting them, among other things, fee adjustments, additional rights to reports, most favored nation status and keyman notification and withdrawal/redemption rights. In this

regard it should be noted that Archstone has waived the management fee, incentive allocation and/or the preferred profit participation for all employees and members of Archstone (and their respective family members) who are invested in the Private Funds. It should be further noted; however, that any such affiliated persons who invest in the Archstone Funds will bear their pro rata portion of operating expenses of the relevant Private Fund(s) and are subject to the same liquidity rights and restrictions as disclosed in the Archstone Funds' offering documents. Furthermore, as an inducement to attract subscriptions during an initial offering, Archstone has awarded certain advantageous terms to the "founding" investors of Archstone Offshore Fund, Ltd. and Archstone Equity Strategies Fund, L.P. The granting of such side letters or special terms to certain investors in a Fund is solely at the discretion of Archstone.

**It is very important that investors refer to the relevant confidential private offering memorandum and other governing documents for a complete understanding of how Archstone is compensated and the applicable fee schedule.**

#### Registered Fund Fees

The Registered Fund's asset-based fee and other fees are described in its prospectus, which may be found by searching under "Archstone Alternative Solutions Fund" on the SEC's EDGAR database, <http://www.sec.gov/edgar/searchedgar/companysearch.html>. Specifically, subject to the Board's approval of the advisory agreement with Archstone, Archstone is to be paid a monthly management fee based on its average daily net assets and computed at the annual rate of 1.20% on the Registered Fund's net assets up to (and including) \$1 billion, 1.10% on net assets over \$1 billion and up to (and including) \$5 billion, and 1.0% on the Fund's net assets over \$5 billion (the "Management Fee"). This fee is accrued daily as an expense to be paid out of the Registered Fund's assets and will have the effect of reducing the net asset value of the Registered Fund.

For a period ending on the earlier of the first twelve months of operations or the Registered Fund's net assets reaching \$250,000,000, Archstone has agreed to waive 100% of the Management Fee chargeable to the Registered Fund.

Subject to the Board's approval of the administration agreement with the Registered Fund, UMB Fund Services, a third-party administrator, will calculate the Fund's net asset value under Archstone's overall supervision, and the supervision of the Registered Fund's Board of Trustees, as applicable. Archstone and, as relevant, the Registered Fund's Board of Trustees, may in certain circumstances make a fair valuation recommendation for an investment, subject to the Registered Fund's Fair Valuation Policies and Procedures. In doing so, a conflict of interest may exist given that the Management Fees Archstone would receive are based on such valuation.

#### Registered Fund Expenses

The Fund bears all expenses incurred in its business and operations, including, but not limited to: all investment related expenses (e.g., costs and expenses directly related to portfolio transactions and positions for the Fund's account such as direct and indirect expenses associated with investments, transfer taxes and premiums, taxes withheld on foreign income, brokerage commissions, interest and commitment fees on loans and debit balances, borrowing charges on securities sold short, dividends on securities sold short but not yet purchased and margin fees); the Management Fee; the distribution and shareholder servicing fees; any non-investment related interest expense; offering expenses; fees and disbursements of any attorneys and accountants engaged by the Fund; audit and tax preparation fees and expenses; taxes; administrative or transfer agent expenses and fees; custody and escrow fees and expenses; insurance costs; fees and travel-related expenses of members of the Board of Trustees who are not employees of the Adviser or any affiliate of the Adviser; out-of-pocket Fund compliance expenses; all costs and charges for equipment or services used in connection with the Fund's website or communicating information regarding the Fund's transactions among the Adviser and any custodian or other agent engaged by the Fund; any extraordinary Fund expenses; and such other expenses as may be approved from time to time by the Board.

As described above, Archstone provides services to a registered, closed-end "fund of funds" that invests in other investment vehicles whose Portfolio Managers typically charge: management fees that typically range between

1.0%-2.0% of the total net assets managed by a Portfolio Manager and performance fees or incentive allocations that typically range between 10-20% of its net capital appreciation (if any).

It should be noted that Archstone and the Registered Fund have entered into an expense limitation and reimbursement agreement (the “Expense Limitation Agreement”) under which the Adviser (or its affiliate) has agreed to pay or absorb certain of the ordinary operating expenses of the Fund. Details regarding the Fund’s fees, expenses and the Expense Limitation Agreement are more fully described in the Fund’s prospectus.

**ARCHSTONE MANAGEMENT COMPANY, LLC**  
**A.P. MANAGEMENT COMPANY, LLC**  
**ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

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Archstone accepts performance-based compensation in the form of a preferred profit participation or an incentive allocation/fee, as applicable, with respect to certain of the Private Funds. Archstone does not accept performance-based compensation or an incentive allocation/fee with respect to the management of the Registered Fund.

It should be noted; however, that APMC and its affiliate AMC do receive performance-based compensation in the management of certain of their private hedge fund of funds they manage (the “Private Funds”). APMC and AMC share the same office space and personnel and follow a similar investment process and strategy with respect to the products they manage. This arrangement can create various potential conflicts of interest for the staff. For example, certain of the Private Funds are subject to performance-based fees while other Private Funds/the Registered Fund are not subject to such fees. Personnel may have an incentive to favor the Private Funds for which it will receive this additional compensation over the Registered Fund that is not subject to such performance-based compensation.

It should be noted that the possibility that Archstone could receive performance-based compensation from certain of the Private Funds creates a potential conflict of interest in that it may create an incentive for Archstone to effectuate larger and riskier transactions for those particular Archstone Funds than would be the case in the absence of such form of compensation. Further, Archstone faces a potential conflict of interest in managing the Archstone Funds that are subject to performance-based fees alongside Archstone Funds that are not subject to such fees. Archstone may have an incentive to favor the Archstone Funds for which it will receive this additional compensation over the Archstone Funds that are not subject to such performance-based fees.

Archstone has policies and procedures in place to address and mitigate potential conflicts of interests that may result from side-by-side management. Archstone recognizes that it is a fiduciary and as such must act in the best interests of the Registered Fund and its investors. Archstone also understands that it must treat all clients fairly and must refrain from favoring one client’s interests over another’s. In this regard, Archstone seeks to assess the allocation of its resources and investment personnel. Archstone will devote as much time to each of their respective advisory clients as it deems appropriate to perform its duties in accordance with its investment management agreements and fiduciary obligations. Archstone also maintains investment allocation policies and procedures designed to ensure that all clients advised by Archstone are treated fairly over time. Notwithstanding efforts on the part of Archstone and its affiliates to assure equitable treatment over time, individual allocation decisions can be expected to have varying outcomes. Further, investment constraints imposed upon the Registered Fund, such as affiliation rules under the Company Act, may limit Archstone’s and its’ affiliates ability to engage in transactions on behalf of the Registered Fund and Private Funds and performance returns may be impacted as a result.

With respect to shared expenses between APMC and AMC, Archstone attempts to allocate such expenses on a basis they consider fair and equitable and in accordance with the expense allocation policy and the relevant entity’s governing documents.

Please also see **Item 11** below for more information regarding Archstone’s investment and expense allocation policies and procedures.

**ARCHSTONE MANAGEMENT COMPANY, LLC**  
**A.P. MANAGEMENT COMPANY, LLC**  
**ITEM 7 – TYPES OF CLIENTS**

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Archstone provides investment management services to private “funds of funds”, including a closed-end, non-diversified registered investment company which invest in private investment vehicles (i.e., the Portfolio Funds) and are managed by the Portfolio Managers. Archstone’s investment strategy is to allocate capital to a diversified group of money managers, who in turn employ a wide variety of investment strategies and techniques.

The Funds’ investors may include, but are not limited to, high-net worth individuals, charitable organizations, endowments, corporations and other business entities. Each such investor in the Archstone Funds must meet certain eligibility requirements. Interests/Shares in the Private Funds were generally offered to (A) U.S. and U.S. Tax Exempt Investors who are (i) accredited investors within the meaning of Regulation D of the Securities Act of 1933, as amended (“Accredited Investors”) and (ii) qualified purchasers within the meaning of Section 2(a)(51) of the Investment Company Act of 1940, as amended (“Qualified Purchasers”) and (B) non-U.S. Investors. Shares in the Registered Fund were generally offered to U.S. and U.S. Tax Exempt Investors who are accredited investors within the meaning of Regulation D of the Securities Act of 1933, as amended (“Accredited Investors”).

The relevant subscription minimum for the Private Funds and each class of shares of the Registered Fund is detailed in the relevant Fund’s offering memorandum/prospectus.

Specifically, the Private Funds impose subscription minimums in the range between \$1,000,000 to \$2,500,000, depending on the Private Fund in question, though such minimums may be waived at the discretion of Archstone or the Board of Directors, as applicable. In the case of the Offshore Funds, the minimum initial investment may never be waived below US\$100,000. Investments in Archstone Partners, L.P. and A.P. Opportunities Fund, L.P. are subject to a minimum initial investment amount of \$2,500,000. Investments in Archstone Partners II, L.P.; Archstone Equity Strategies Fund, L.P.; Archstone Equity Strategies Fund, Ltd. and Archstone Absolute Return Strategies Fund, Ltd. are subject to a minimum initial investment amount of \$1,000,000.

Investments in Archstone Offshore Fund, Ltd. are subject to the following minimum initial investment amounts:

- Series A, Series AA, Series B and Series BB – US\$1,000,000
- Series C, Series CC, Series D and Series DD – £1,000,000
- Series E, Series EE, Series F and Series FF – C\$1,000,000

In general, the Registered Fund requires an initial minimum investment of \$50,000 for Class A Shares with minimum subsequent investments of at least \$10,000. Class I Shares are available for certain investors as specified in the prospectus, including those who have a minimum investment of at least \$5,000,000.

**ARCHSTONE MANAGEMENT COMPANY, LLC****A.P. MANAGEMENT COMPANY, LLC****ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

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The Fund's investment objective is to achieve long-term capital appreciation while attempting to reduce volatility relative to the equity markets. In pursuing its investment objective, the Fund invests its assets primarily in a broad mix of Portfolio Funds that are managed by a select group of Portfolio Managers that invest in a variety of financial markets and utilize a broad range of alternative investment strategies. The Fund's hedge fund investments may primarily include offshore investment vehicles that may subject taxable investors' capital gains to tax at ordinary income rates.

The Adviser is responsible for selecting Portfolio Managers and determining the portion of the Fund's assets to be allocated to each Portfolio Manager. In seeking to deliver its desired investment results, the Adviser looks to perform a rigorous combination of qualitative and quantitative investment and operational due diligence to evaluate Portfolio Managers. The Adviser researches, interviews, evaluates and selects Portfolio Managers and regularly monitors the Portfolio Managers selected. The Adviser seeks to identify managers believed to demonstrate the potential to achieve significant capital appreciation. Portfolio Managers are generally chosen on the basis of some or all of the following selection criteria established by the Adviser, including an analysis of the Portfolio Manager's performance during various time periods and market cycles, the Portfolio Manager's reputation, the Adviser's outlook for the strategy employed, the degree to which a specific Portfolio Manager complements the Fund's portfolio of investments and correlates to the strategies employed by other Portfolio Managers selected by the Adviser, the degree to which the Adviser utilizes leverage, the size and efficiency of assets managed by the Portfolio Manager, and/or the degree to which the Portfolio Manager has a personal investment in the investment program. Portfolio Managers are generally compensated on terms which will usually include asset-based and performance-based fees or allocations paid by, or charged to, the relevant Portfolio Fund.

The Fund expects to invest among broad categories of investment strategies and techniques. The Adviser will not follow a rigid investment policy which would limit the Fund from participating in any single market, strategy or investment. Portfolio Managers are permitted to utilize leverage and invest in long and short positions in equities, options, warrants, fixed income securities, financial and commodity futures, currency forwards, over-the-counter derivative instruments, securities that lack active public markets, repurchase and reverse repurchase agreements, preferred stocks, convertible bonds and other financial instruments. When they determine that such an investment policy is warranted, Portfolio Managers may invest without limitation in cash and cash equivalents.

The Portfolio Managers with whom the Fund invests may employ one or more of the investment strategies discussed below, among others. The particular strategies listed below are not, in any way, intended to predict the mix of strategies that will be represented in the Fund's portfolio. In fact, only a limited selection of the strategies listed below may be represented in the portfolio:

<b>Strategy</b>	<b>Sub-Strategies Typically Included in the Portfolio Fund</b>
Relative Value	Convertible Arbitrage, Credit – Relative Value, Equity (Market Neutral – Fundamental/Trading, Equity (Market Neutral – Quantitative), Fixed Income Relative Value, Systematic Relative Value and Volatility Arbitrage
Event-Driven	Credit – Event, Equity – Event, Risk Arbitrage and Stressed/Distressed Credit
Equity/Long Short	Equity (Long/Short – Long Biased, Low Net & Variable Exposure) and Equity (Long/Short – Sector/Region)
Macro	Discretionary Global

Tail Hedge	--
Tactical and Other Strategies	--

It is the responsibility of the Adviser to research and determine the identity of the Portfolio Managers, to satisfy itself as to the suitability of the terms and conditions of the funds they manage (or, where relevant, to negotiate the respective investment advisory agreements) and to allocate and reallocate the Fund's assets among Portfolio Managers. The Adviser will allocate the Fund's assets among Portfolio Managers using its proprietary knowledge and experience to seek the optimal mix of investment sectors and styles given its outlook for the economic and investment environment. It is possible that the Adviser's determination of a Portfolio Manager's strategy may differ from how others classify such manager's strategy or that the Adviser's determination may change over time.

The Adviser is responsible for selecting Portfolio Managers and determining the portion of the Fund's assets to be allocated to each Portfolio Manager. In seeking to deliver its desired investment results, the Adviser looks to perform a rigorous combination of qualitative and quantitative investment and operational due diligence to evaluate Portfolio Managers. The Adviser researches, interviews, evaluates and selects Portfolio Managers and regularly monitors the Portfolio Managers selected. The Adviser seeks to identify managers believed to demonstrate the potential to achieve significant capital appreciation. Portfolio Managers are generally chosen on the basis of some or all of the following selection criteria established by the Adviser, including an analysis of the Portfolio Manager's performance during various time periods and market cycles, the Portfolio Manager's reputation, the Adviser's outlook for the strategy employed, the degree to which a specific Portfolio Manager complements the Fund's portfolio of investments and correlates to the strategies employed by other Portfolio Managers selected by the Adviser, the degree to which the Adviser utilizes leverage, the size and efficiency of assets managed by the Portfolio Manager, and/or the degree to which the Portfolio Manager has a personal investment in the investment program. In addition, the Portfolio Manager's ability to provide requested reporting and its internal controls are considered. Prior to investing with a Portfolio Manager, the Adviser will meet with the Portfolio Manager to discuss the Portfolio Manager's investment program and organization. Portfolio Managers are generally compensated on terms which will usually include asset-based and performance-based fees or allocations made by, or charged to, the relevant Portfolio Fund.

The Adviser has developed a disciplined and detailed program for identifying, evaluating and monitoring Portfolio Managers. After allocating assets to a Portfolio Manager, the Adviser reviews the Portfolio Manager's investment performance and other factors in determining whether allocation of the Fund's assets to the Portfolio Manager continues to be appropriate.

As noted above, Portfolio Managers generally conduct their investment programs through Portfolio Funds. Portfolio Funds in which the Fund invests are not expected to be registered under the Company Act.

#### Operational Due Diligence

Archstone's Operational Due Diligence team is led by David R. Parker, Chief Operating Officer and is supported by members of Operations, Accounting and Legal/Compliance. Operational due diligence is a critical component of the investment process and is conducted before Archstone actually makes an investment with a Portfolio Manager and continues on an on-going basis thereafter.

1. The operational due diligence team typically begins with a detailed risk assessment of the manager that includes a review of the manager's due diligence questionnaire, service providers, legal and operational documents and audited financial statements, publicly reported holdings, Forms ADV, among other materials. The process then moves on to include an on-site meeting, where discussions are held with key decision makers to verify information obtained, review the manager's operational infrastructure and ability to implement the stated strategy and to drill down on the operational procedures the manager has in place. These back office reviews continue on an ongoing basis. Topics covered typically include, but are not limited to:

- a. *Valuation/Accounting/Trading*: Assessment of valuation process and methodology, use of third party valuation services and/or agreed upon procedures, trading systems and process, systems software and hardware, best execution review, trade allocation and handling of errors and review of soft dollar policy.
  - b. *External Service Providers*: Evaluation of all third party administrators/auditors/law firms, counterparty risk management, prime broker structure and management, custodian structure and management and money movement controls.
  - c. *Portfolio Liquidity*: Analysis of investor terms relative to the portfolio liquidity, Level I/II/III assets, and the number of days it would take to liquidate all firm assets.
  - d. *Detailed Financial Reviews*: Discussion of any questions that came about during the preliminary review of the financial statements.
  - e. *Organization/Firm Structure*: Analysis of the structure, quality, depth and turnover at the fund, ownership structure and compensation policy(ies).
  - f. *Compliance Policy and Procedures*: Review compliance manual/code of ethics, personal trading policies, expert network policies, identification of potential conflicts, independent background investigation and/or ADV Part II follow up.
  - g. *IT Infrastructure and Business Continuity Plans*
2. Archstone reviews the manager's investor base and operational infrastructure in order to assess the manager's ability to implement its stated strategy. An unstable investor base may force the firm to liquidate favorable investments; therefore, the due diligence team analyses the composition, concentrations and dynamics of existing investors, the amount of GP/Employee capital, the pace of inflows/outflows and all side letters/special terms. Special attention is also devoted to analyzing the separation of duties between portfolio management and portfolio valuation. In the firm's opinion, historical evidence suggests that many hedge fund failures have resulted from insufficient infrastructure and administrative systems.
  3. Offering and subscription documents, financial statements and K-1 filings are reviewed for completeness and terms. Special emphasis is placed on ensuring that the underlying Portfolio Fund's terms are capable of meeting Archstone's liquidity profile needs.
  4. In-depth reference checks are conducted at many levels. In addition to the references provided, it is likely that members of the Archstone team knows a manager's ex-employer, ex-coworkers, industry contacts, key broker, clearing firm and peers. These contacts frequently reveal information that is not available through traditional channels. Archstone also uses an independent background research firm in its manager vetting process. Such background checks must be carried out before an investment is made. Archstone also uses an independent continuous monitoring tool which monitors public filings on an ongoing basis to alert of us of any filings such as criminal arrests, lawsuits, bankruptcies, regulator and license updates/issues, among others.
  5. Asset verification at clearing banks and brokers allows Archstone to verify the stated assets under management and the total investments by the fund's manager(s) and employees.

The conclusions of the operational due diligence team are presented to the Investment/Research Committee and incorporated into the investment due diligence process.

Archstone has always believed that one of the differentiating aspects of its investment process is the fact that performance metrics alone do not drive the decision making process. People, process and philosophy are the most critical aspects of Archstone's due diligence.



### Monitoring and Portfolio Construction

After a Portfolio Fund has been included in the portfolio, Archstone attempts to conduct on-site visits every 12-18 months with key operational professionals and typically has monthly calls with its underlying money managers. The typical agenda may vary between managers but it may include an assessment of, among other things, the manager's resources and infrastructure, valuation procedures, changes in service providers, expectations of the market, regulatory/compliance updates, drivers of returns and compliance with investment parameters. The firm seeks to approach each on-going review with the same rigor and depth as it does a new potential investment. To monitor the portfolios, Archstone may prepare/employ aggregate portfolio analysis (including exposures, correlations, equity positions weighted at portfolio level), forward-looking qualitative methodology and quantitative underlying investment profiles (multiple regression model).

### Risk of Loss

To limit risks at the portfolio level, Archstone generally seeks to adhere to the following disciplines: (i) generally limit Portfolio Fund allocations to 10%; (ii) seek to diversify across styles, strategies and sectors on a look-through basis; (iii) prefer Portfolio Managers that do not utilize excessive leverage; (iv) seek to invest with Portfolio Managers that have a significant amount of their liquid net worth in the Portfolio Funds. Any investment in the Fund may be deemed speculative and is not intended as a complete investment program. Investments in the Fund are appropriate for only experienced and sophisticated persons who meet certain eligibility criteria, are able to bear the risk of loss of some or all of an investment, and have a limited need for liquidity.

**IT IS CRITICAL THAT INVESTORS REFER TO THE FUND'S OFFERING MEMORANDUM/PROSPECTUS FOR A COMPLETE UNDERSTANDING OF ARCHSTONE'S INVESTMENT STRATEGIES AND METHODS OF ANALYSIS, INCLUDING THE RISKS ASSOCIATED THEREWITH. THE INFORMATION CONTAINED HEREIN IS A SUMMARY ONLY AND IS QUALIFIED IN ITS ENTIRETY BY SUCH DOCUMENTS. THERE CAN BE NO ASSURANCES THAT THE REGISTERED FUND WILL ACHIEVE ITS INVESTMENT OBJECTIVES.**

### Risks

The investment program of the Archstone Funds is speculative and involves substantial risks. There can be no assurance that the investment objective of the Fund will be achieved. The investment performance of the Fund will depend on the performance of the Portfolio Managers with which the Fund invests, and the Adviser's ability to select Portfolio Managers and to allocate and reallocate effectively the Fund's assets among Portfolio Managers.

The following is a summary of some of the material risks associated with the strategies employed by the Funds. This summary does not attempt to describe all of the risks associated with an investment in the Funds, or even all the risks associated with the Fund's strategies. Investors are urged to review the summary risk factors set forth in the Private Funds' offering memorandum and in the Registered Fund's prospectus which may be found by searching under "Archstone Alternative Solutions Fund" on the SEC's Edgar database, <http://www.sec.gov/edgar/searchedgar/companysearch.html>.

### General

Dependence on Archstone. All decisions with respect to the Fund's assets and the general management of the Fund are made by Archstone; investors have no right or power to take part in the management of the Fund. The success of the Fund depends largely upon Archstone's key personnel, including Mr. Shuman. If for any reason the Fund were to lose the services of one or more of its key personnel and suitable replacements are not retained, the Fund may be adversely affected.

Archstone and their Members and Officers Not Full Time. Archstone currently serves as the investment manager of several Archstone Funds. None of the principals of Archstone will devote its resources exclusively to one particular Fund.

No Protection Under the Investment Company Act. In reliance upon a statutory exemption for privately offered investment companies whose interests are offered solely to "qualified purchasers" and "knowledgeable employees", the Private Funds are not registered as an investment company under the Investment Company Act

of 1940, as amended (the “1940 Act”), or the laws of any country or jurisdiction. Therefore, the protections afforded by the 1940 Act (among other things, the 1940 Act generally requires investment companies to have a majority of disinterested directors, requires securities held in custody to be individually segregated at all times from the securities of any other person and to be clearly marked to identify such securities as the property of such investment company, and regulates the relationship between the investment adviser and the investment company) are not applicable to a Private Fund.

Limited or No Operating History of Underlying Portfolio Funds. It is possible that some of the Portfolio Funds in which the Fund invests may be newly organized or only recently organized and therefore will have no, or only a limited, operating history upon which potential investors may base an evaluation of their likely performance.

Lack of Publicly Available Information Regarding Portfolio Funds. The interests in Portfolio Funds to be purchased and sold by the Funds will not be offered pursuant to registration statements under the 1933 Act. In addition, the Portfolio Funds in which the Fund will invest will not be subject to the periodic information and reporting provisions of the Securities Exchange Act of 1934 (the “1934 Act”), nor will those Portfolio Funds be registered as investment companies under the 1940 Act. Accordingly, only a relatively small amount of publicly available information about Portfolio Funds will be available to Archstone in managing and assessing the Fund’s investments. Archstone believes, however, that it will be able to obtain sufficient information about Portfolio Funds from the Portfolio Funds themselves to manage the Fund’s investments effectively.

Lack of Regulation of Portfolio Funds. As noted above, Portfolio Funds are generally not subject to many provisions of the Federal securities laws, particularly the 1940 Act, that are designed to protect investors in pooled investment vehicles offered to the public. In addition, the managers of Portfolio Funds may not be registered as investment advisers under the Investment Advisers Act of 1940, as amended.

Valuation of Portfolio Funds. The Fund relies primarily on information provided by Portfolio Managers in valuing its investments in Portfolio Funds. There is a risk that inaccurate valuations provided by Portfolio Managers could adversely affect the value of shares/interests and the amounts shareholders receive upon the repurchase of shares. Because Portfolio Funds generally will provide net asset value information on a monthly basis, and may not provide detailed information on their investment positions, except on an annual basis, the Fund generally will not be able to determine the fair value of its investments in Portfolio Funds or its net asset value other than as of the end of each month and may not be able to verify valuation information given to the Fund by Portfolio Managers.

Monthly Contributions and Admissions of Investors. The Fund may permit additional contributions by existing investors and the admission of new investors to occur monthly. Portfolio Funds in which the Fund invests, however, may not permit additional capital contributions or the admission of new investors on the same basis. As a result, the Fund may be delayed in investing investor’s contributions to the Fund’s capital in Portfolio Funds. This delay may in turn act to dilute the interests of investors in the Fund.

Compensation Arrangements of Portfolio Managers. The managers or general partners of many, if not most, of the Portfolio Funds (and managed accounts) through which the Fund will invest will be compensated through incentive arrangements. Under these arrangements, the Portfolio Manager may benefit from appreciation, including unrealized appreciation, in the value of the account, but may not be similarly penalized for realized losses or decreases in the value of the account. Such fee arrangements may create an incentive for the Portfolio Managers to make purchases that are unduly risky or speculative. In most cases, however, the Fund anticipates that it will invest in Portfolio Funds where the manager is required to recoup prior losses before any incentive fee is payable in respect of current gains.

Federal and State Law Restrictions on Investments. In view of the requirements of Federal and state laws, including Federal securities and commodities laws, applicable to the Fund and/or the Portfolio Funds in which it will invest, the Fund may need to limit, for other than investment reasons, the amount of its assets that is committed to a managed account or invested in a particular Portfolio Fund.

No Daily Oversight of Portfolio Managers. Although Archstone seeks to select only Portfolio Managers who invest clients’ assets with the highest level of integrity, Archstone cannot guarantee that selected Portfolio Managers will perform as expected and Archstone will have no control over the day-to-day operations of any of its underlying Portfolio Managers. As a result, there can be no assurance that Portfolio Managers selected by

Archstone will conform their conduct to desired standards. There are risks that underlying Portfolio Managers and the funds they manage may suffer failure as a result of poor performance, failure to raise capital, regulatory violations or enforcement actions, fraud or other factors, which in any case could adversely impact a client's investment with such Portfolio Manager.

### **Fund Structure Risk**

**Special Risks of Hedge Fund Investing and a Multi-Manager Structure.** Archstone invests assets of the Fund through the Portfolio Managers. The success of the Fund depends upon the ability of Archstone and the Portfolio Managers to develop and implement investment strategies that achieve the Fund's investment objective. For example, a Portfolio Manager's inability to effectively hedge an investment strategy that it utilizes may cause the assets of the Fund invested with such Portfolio Manager to significantly decline in value and could result in substantial losses to the Fund. Moreover, subjective decisions made by the Adviser and/or the Portfolio Managers may cause the Fund to incur losses or to miss profit opportunities on which it may otherwise have capitalized.

**Special Techniques used by Money Managers.** Many of the Portfolio Managers through which the Fund will invest will use special investment techniques that may subject the Fund's investments to certain risks. Certain, but not all, of these techniques and the risks that they entail are summarized below. The Fund in any event is not designed to correlate to the broad equity market, and should not be viewed as a substitute for equity investments.

**Multiple Fees.** Portfolio Managers typically charge asset-based management fees, and typically are also entitled to receive performance-based fees or allocations. The Fund, as an investor in Portfolio Funds (or by retaining a Portfolio Manager to manage a Portfolio Account), will be subject to these fees and allocations, which will reduce the investment returns of the Fund. These fees and allocations are in addition to the investment management fee the Fund pays to Archstone.

**Illiquidity.** Shares/Interests will not be traded on any securities exchange or other market. Most, if not all, Portfolio Funds in which the Funds invest will restrict both the transferability of the Funds' interest/shares and the Funds' ability to withdraw/redeem, and may reserve the right to suspend or limit withdrawals/redemptions or delay the payment of withdrawal/redemption proceeds under certain circumstances. In particular, the Fund invests from time to time in Portfolio Funds that allocate a portion of their assets to private equity or otherwise illiquid investments. Such investments may be "side pocketed" whereby withdrawals with respect thereto are indefinitely suspended until the occurrence of a realization event or until the manager determines that such investments are sufficiently liquid. While the Fund intends to "opt-out" of such investments to the extent such option is available, such an opt-out cannot be guaranteed.

The interests/shares of the Private Funds are being offered without registration under the 1933 Act in reliance upon an exemption contained in Section 4(a)(2) of the 1933 Act and/or Regulation D under the 1933 Act. Certain restrictions on transferability will preclude the disposition and transfer of the interests/shares other than pursuant to an effective registration statement (which the Private Funds are under no obligation to file) or in accordance with an exemption from registration contained in the 1933 Act. In addition, the Private Funds require that the consent of the general partner/board of directors be obtained prior to the transfer of an interest. In light of the restrictions imposed on transfers, and in light of the limitations imposed on an investor's ability to withdraw/redeem all or part of his capital, an investment in the Private Funds should be viewed as illiquid and subject to risk.

With respect to the Registered Fund, Archstone expects that it will recommend to the Board of Trustees that the Registered Fund offer to repurchase shares from shareholders four times each year, as of the last day of each calendar quarter. In addition, a shareholder that has shares repurchased during the first eleven months following such shareholder's initial investment in the Fund (regardless of which Class of shares constituted such initial investment) will be subject to an Early Repurchase Fee of 5.00% of the amount being repurchased by the Registered Fund, payable to the Registered Fund.

Like an investment in any of the Funds, a Fund's investments in Portfolio Funds should be viewed as illiquid and subject to risk. Most, if not all, Portfolio Funds in which the Fund invests will restrict both the transferability of the Fund's interest and the Fund's ability to withdraw, and may reserve the right to suspend or limit withdrawals or redemptions or delay the payment of withdrawal or redemption proceeds under certain circumstances. For example, many Portfolio Funds impose lock-up periods prior to allowing withdrawals, which can be two years or

longer from the date of the Fund's investment. After expiration of the lock-up period, withdrawals typically are permitted only on a limited basis, such as semi-annually or annually. Additionally, certain Portfolio Funds may amend their liquidity provisions or otherwise further restrict the Fund's ability to make withdrawals from those Portfolio Funds.

**Risk of Litigation.** Portfolio Managers to whom the Fund has allocated capital may accumulate substantial positions in the securities of a specific company. Sometimes the money manager will engage in a proxy fight, become involved in litigation or attempt to gain control of a company. Under such circumstances, the Fund might be named as a defendant in a lawsuit or regulatory action.

**Possibility of Misappropriation of Assets.** When the Fund invests in a Portfolio Fund, the Fund does not have custody of the assets so invested. Therefore, there is always the risk that the personnel of that Portfolio Fund could misappropriate the securities or funds (or both) of the Fund.

Custody of a Portfolio Fund's assets will typically rest with the Portfolio Fund's broker-dealer or custodian and may, in some instances, rest with the relevant Portfolio Manager or its affiliates. Therefore, there is the risk that the party with custody of a Portfolio Fund's assets could abscond with, or misappropriate, those assets. In addition, information supplied by a Portfolio Manager or another party with custody of a Portfolio Fund's assets may be inaccurate or even fraudulent. Archstone is entitled to rely on such information (provided it does so in good faith).

**Misuse of Confidential Information and Other Violations.** In the past, there have been a number of widely reported instances of participants involved in corporate takeovers and in risk arbitrage having violated the securities laws through the misuse of confidential information or otherwise. Such violations may result in substantial liabilities for damages caused to others, for the disgorgement of profits realized and for penalties. If any of the Portfolio Managers was found to have engaged in such violations in the past, the performance record of the Portfolio Manager could be rendered misleading. Furthermore, if a Portfolio Fund had engaged in the past or engages in the future in such violations, the Fund could be exposed to litigation or serious financial harm, including a limitation of the Fund's business prospects or future marketing activities.

**Possibility of Fraud or other Misconduct of Employees and Service Providers.** Misconduct by employees of Archstone or Portfolio Managers to whom the Fund has allocated capital, service providers to the Fund or the Portfolio Funds and/or their respective affiliates could cause significant losses to the Fund. Employee misconduct may include binding the Fund or a Portfolio Fund to transactions that exceed authorized limits or present unacceptable risks, unauthorized trading activities, concealing unsuccessful trading activities (which, in either case, may result in unknown and unmanaged risks or losses) and fraud. Losses could also result from actions by service providers, including, without limitation, failing to recognize trades and misappropriating assets. Archstone has implemented policies and procedures reasonably designed to identify and prevent such misconduct and closely monitors the activities of its employees and the Portfolio Managers to whom Fund capital is allocated. Furthermore, in connection with each allocation of Fund capital, a Portfolio Manager's operations, personnel, investment strategy, performance history and risk profile are subjected to extensive due diligence and ongoing monitoring. Notwithstanding the foregoing, no assurances can be given that Archstone will be able to identify or prevent misconduct by employees, Portfolio Managers or service providers, which misconduct could cause significant losses to the Fund.

**Reserve for Contingent Liabilities.** Under certain circumstances, Archstone may find it necessary upon withdrawal by an investor to set up a reserve for contingent liabilities and withhold a certain portion of investor's capital. This could happen, for example, if the Fund or one of the Portfolio Funds were involved in litigation or subject to an audit by the IRS.

**Possible Adverse Tax Consequences.** While the Fund is advised in tax matters by counsel and accountants, the positions of the Fund, as well as the positions taken by the Portfolio Funds, as to the tax consequences of the investment strategies may not be accepted by the IRS.

**Effects of Substantial Withdrawals.** Substantial voluntary withdrawals/redemptions by investors within a limited period of time could require the Fund to liquidate interests in Portfolio Funds sooner than would otherwise be desirable, which could adversely affect the results of the Fund. In addition, regardless of the period of time in

which withdrawals occur, the resulting reduction in the Fund's net asset value, and thus in its equity base, could make it more difficult for the Fund to diversify its holdings and achieve its investment objective.

Other Clients of Portfolio Managers. The Portfolio Managers will have exclusive responsibility for making trading decisions on behalf of the Fund. These Portfolio Managers may also manage other accounts (including other funds and accounts in which such managers may have an interest) which together with accounts already being managed could increase the level of competition for the same trades a Portfolio Fund or the Fund might otherwise make, including the priorities of order entry. This could make it difficult or impossible to take or liquidate a position in a particular security or futures contract at a price indicated by an investment manager's strategy.

Independent Portfolio Managers. Each Portfolio Manager will receive any performance-based allocations to which it is entitled irrespective of the performance of the other Portfolio Managers generally. Thus, a Portfolio Manager with positive performance may receive compensation from the Fund, and thus indirectly from investors in the Fund, even if the Fund's overall returns are negative. Investment decisions of the Portfolio Funds are made by the Portfolio Managers independently of each other. As a result, at any particular time, one Portfolio Fund may be purchasing shares of an issuer whose shares are being sold by another Portfolio Fund. Consequently, the Fund could directly or indirectly incur certain transaction costs without accomplishing any net investment result. In addition, although Archstone will monitor the Portfolio Managers to whom the Fund has allocated capital, it is possible that a number of Portfolio Managers might take substantial positions in the same security or industry at the same time. This inadvertent concentration would interfere with the Fund's goal of diversification.

### **Strategy and Market Risks**

Volatility of the Investments. Smaller capitalized, less seasoned Portfolio Funds are subject to higher volatility and instability as a result of unforeseen economic events than larger, more mature investment pools due to a variety of factors, which may include a reliance on inexperienced management or a large concentration of investments in a particular industry.

Short Selling. Certain Portfolio Funds (and managed accounts) in which or through which the Fund invests may sell securities of an issuer short in the expectation of "covering" the short sale with securities purchased in the open market at a price lower than that received in the short sale. If the price of the issuer's securities declines, the Portfolio Manager may then cover the short position with securities purchased in the market. The profit realized on a short sale will be the difference between the price received in the sale and the cost of the securities purchased to cover the sale.

The possible losses from selling short a security differ from losses that could be incurred from a cash investment in the security; the former may be unlimited, whereas the latter can only equal the total amount of the cash investment. Short selling activities are also subject to restrictions imposed by the Federal securities laws and the various national and regional securities exchanges, which restrictions could limit the investment activities of Portfolio Funds or managed accounts. However, where the Fund invests through a Portfolio Fund, its exposure is limited to its investment in that Portfolio Fund.

Leverage. Certain Portfolio Funds in which the Fund invests may borrow funds for the purpose of purchasing securities. A particular Portfolio Fund may not be subject to any limitations on the amount of its borrowings, and the amount of borrowings that the Portfolio Fund may have outstanding at any time may be large in comparison to its capital.

Borrowing money to purchase securities may provide a Portfolio Fund with the opportunity for greater capital appreciation, but, at the same time, will increase the Portfolio Fund's, and indirectly the Fund's, exposure to capital risk and higher current expenses. Moreover, if the Portfolio Fund's assets are not sufficient to pay the principal of, and interest on, the Portfolio Fund's debt when due, the Fund could sustain a total loss of its investment in the Portfolio Fund.

The Fund may borrow under certain circumstances, including to make investments in anticipation of cash inflows, to pay expenses and satisfy other short-term obligations of the Fund or to pay withdrawal proceeds pending the receipt of proceeds from Portfolio Funds. The Fund may incur commitment fees and other fees and expenses in connection with any such borrowings. Borrowing may result in leverage and involves the risk of default, which

could result in significant interest and penalties and may require the premature liquidation of assets. If the Fund is unable to secure or maintain a credit facility or to maintain a credit facility on suitable terms, Archstone may be unable to maintain the level of exposure to Portfolio Funds that it deems appropriate, which could have a dilutive or otherwise adverse effect on the Fund's performance.

Options Trading. In seeking to enhance performance or hedge assets, a money manager may purchase and sell call and put options on both securities and stock indexes. A stock index measures the movement of a certain group of stocks by assigning relative values to the common stocks included in the index. Examples of well-known stock indexes are the S&P 500 Index and the S&P 100 Index.

Both the purchasing and selling of call and put options entail risks. Although an option buyer's risk is limited to the amount of the purchase price of the option, an investment in an option may be subject to greater fluctuation than an investment in the underlying securities. In theory, an uncovered call writer's loss is potentially unlimited, but in practice the loss is limited by the term of existence of the call. The risk for a writer of a put option is that the price of the underlying security may fall below the exercise price.

The effectiveness of purchasing or selling stock index options as a hedging technique will depend upon the extent to which price movements in assets that are hedged correlate with price movements of the stock index selected. Because the value of an index option depends upon movements in the level of the index rather than the price of a particular stock, whether a gain or loss will be realized from the purchase or writing of options on an index depends upon movements in the level of stock prices in the stock market generally, rather than movements in the price of a particular stock. Successful use of options on stock indexes will depend upon the ability of a money manager to predict correctly movements in the direction of the stock market generally. This ability requires skills and techniques different from those used in predicting changes in the price of individual stocks.

Risk Arbitrage Transactions. Portfolio Funds may purchase securities at prices slightly below the anticipated value of the cash, securities or other consideration to be paid or exchanged for such securities, in a proposed merger, exchange offer, tender offer or other similar transaction. Such purchase price may be substantially in excess of the market price of the securities prior to the announcement of the merger, exchange offer, tender offer or other similar transaction. If the proposed merger, exchange offer, tender offer or other similar transaction later appears likely not to be consummated or in fact is not consummated or is delayed, the market price of the security purchased by the Portfolio Fund may decline sharply and result in losses to the Portfolio Fund if such securities are sold, transferred or exchanged for securities or cash, the value of which is less than the purchase price. In certain transactions, the Portfolio Fund may not be "hedged" against market fluctuations. This can result in losses, even if the proposed transaction is consummated.

Securities of Bankrupt or Special Situation Companies. Portfolio Funds may invest in securities of issuers in weak financial condition, experiencing poor operating results, having substantial financial needs or negative net worth, facing special competitive or product obsolescence problems, or that are involved in bankruptcy or reorganization proceedings. Investments of this type involve substantial financial business risks that can result in substantial or total losses.

Some of the Portfolio Funds may also make purchases of securities which the Portfolio Funds believe to be undervalued, or where a significant position in the securities of the particular company has been taken by one or more other persons or where other companies in the same or related industry have been the subject of acquisition attempts. If a Portfolio Fund purchases securities in anticipation of an acquisition attempt or reorganization, and an acquisition attempt or reorganization does not in fact occur, the Portfolio Fund may sell the securities at a material loss.

Small Capitalization Stocks. Portfolio Funds may invest in securities of companies with smaller capitalizations. Investments in small capitalization stocks involve greater risk than is customarily associated with larger, more established companies. These companies often have sales and earnings growth rates which exceed those of large companies. Such growth rates may in turn be reflected in more rapid share price appreciation. However, smaller companies often have limited product lines, markets or financial resources, and they may be dependent upon one-person management. These securities may also have limited marketability and may be subject to more abrupt or erratic movements in price than securities of larger companies or the market averages in general.

Trading Commodity Interests. Certain Portfolio Funds in which the Fund invests may trade in commodity interests. Commodity futures markets are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates. In addition, because of the low margin deposits normally required in commodity futures trading, a high degree of leverage is typical of a commodity futures trading account. As a result, a relatively small price movement in a commodity futures contract may result in substantial losses to the trader. Moreover, commodity futures positions are marked to the market each day and variation margin payments must be paid to or by a trader. To the extent that principal transactions are engaged in, including, but not limited to, swaps, forward foreign currency transactions and bonds, the investor must rely on the creditworthiness of a counterparty. Commodity futures trading may also be illiquid, and certain commodity exchanges do not permit trading in particular commodities at prices that represent a fluctuation in price during a single day's trading beyond certain set limits. If prices fluctuate during a single day's trading beyond those limits -- which conditions have in the past sometimes lasted for several days with respect to certain contracts -- a Portfolio Fund could be prevented from promptly liquidating unfavorable positions and thus be subjected to substantial losses. In addition, the CFTC and various exchanges impose speculative position limits on the number of positions that an individual or entity may hold or control in particular commodities. As noted above, the Fund intends to trade in commodity interests solely through investments in other commodity pools. Multi-investee-fund structures generally involve more complex fee structures than other pools and their profit potential may be adversely affected as a result of the potential for the pool to maintain offsetting positions due to the separate trading of various investee funds.

Counterparty Credit Risk. Many of the markets in which the Portfolio Managers effect their transactions are "over-the-counter" or "inter-dealer" markets. The participants in these markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange based" markets. To the extent a Portfolio Fund enters into swaps or transactions in derivatives or synthetic instruments, or other over-the-counter transactions, it is assuming a credit risk with regard to parties with which it trades and may also bear the risk of settlement default. These risks may differ materially from those associated with transactions effected on an exchange, which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between two counterparties generally do not benefit from such protections. This exposes a Portfolio Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Portfolio Fund to suffer a loss. Such counterparty risk is accentuated in the case of contracts with longer maturities where events may intervene to prevent settlement, or where a Portfolio Fund has concentrated its transactions with a single or small group of counterparties. Portfolio Funds are not restricted from dealing with any particular counterparty or from concentrating any or all of their transactions with one counterparty. The ability of Portfolio Funds to transact business with any one or number of counterparties, the lack of any independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Fund.

Changes in Applicable Law. The Fund must comply with various legal requirements, including requirements imposed by the Federal securities laws, commodities laws, tax laws and pension laws. Should any of those laws change over the scheduled term of the Fund, the legal requirements to which the Fund and investors may be subject could differ materially from current requirements.

Changes and Uncertainty in U.S. and International Regulation. The Fund may be adversely affected by uncertainties such as international and domestic political developments, changes in government policies, taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of the countries to which the Fund is exposed through its investments or investor base. The tax and regulatory environment for hedge funds is evolving, and changes in the regulation or tax treatment of hedge funds and their investments may adversely affect the value of investments held by the Fund or the Fund's ability to pursue its trading strategy. During this period of uncertainty, market participants may react quickly to unconfirmed reports or information and as a result there may be increased market volatility. This unpredictability could cause Archstone to alter investment and trading plans, including the holding period of positions and the nature of instruments used to achieve the Fund's trading objective. In the United States, the Fund, Archstone and their respective affiliates may be adversely affected as a result of new or revised legislation or regulations imposed

by the SEC, the Financial Stability Oversight Council, and other U.S. governmental regulatory authorities or self-regulatory organizations that supervise the financial markets. In addition, the securities and futures markets are subject to comprehensive statutes and regulations, including margin requirements. Regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The Dodd-Frank Act could result in the Fund, Archstone and their respective affiliates becoming subject to additional regulatory compliance burdens and trade reporting, which may add significant costs to the Fund. In addition, the Dodd-Frank Act's new regulations regarding derivatives could potentially limit or completely restrict the ability of a Portfolio Fund to use certain derivatives as part of its investment strategy or could increase the cost of entering into derivatives or require more assets to be posted as collateral, all of which could adversely impact the performance of such Portfolio Fund. The Dodd-Frank Act endows the SEC, CFTC, and other regulators with discretionary authority to write and interpret new rules. The ultimate impact of the Dodd-Frank Act on the Fund, Archstone and the Portfolio Funds is unclear and will depend in large part on the final regulations and guidance that the CFTC and SEC promulgate.

**Institutional Risk.** The institutions, including brokerage firms and banks, with which the Fund (directly or indirectly) does business, or to which securities have been entrusted for custodial purposes, may encounter financial difficulties that impair the operational capabilities or the capital position of the Fund or a Portfolio Fund. The Fund will attempt to limit its transactions to well-capitalized and established banks and brokerage firms in an effort to mitigate such risks. All assets of the Fund not invested in Portfolio Funds will be held in an account in the name of the Fund with the Fund's custodian.

**Future Returns.** No assurance can be given that the strategies employed by the Fund's Portfolio Managers in the past to achieve attractive returns will continue to be successful or that the return on the Fund's investments will be similar to that achieved by the Fund or such managers in the past.

**Investment in Foreign Securities.** Investment by Portfolio Funds in foreign securities may be subject to greater risks than purely domestic investment due to a variety of factors, including currency controls and the fluctuation of currency exchange rates, changes in governmental administration or economic or monetary policy (in the United States and abroad) or changed circumstances in dealings between nations. Dividends paid by foreign issuers may be subject to withholding and other foreign taxes that may decrease the net return on these investments as compared to dividends paid to Portfolio Funds by domestic corporations. Some foreign corporations may be considered "passive foreign investment companies" for U.S. tax purposes. In such cases, either an election will be made with the effect that investors will be taxed currently on their proportionate share of such corporations' earnings for a year whether or not distributed as dividends, or there will be a nondeductible interest charge imposed on them when the foreign corporation pays dividends or when gain is realized on a disposition of the shares.

There may be less publicly available information about foreign issuers than about domestic issuers, and foreign issuers are not subject to uniform accounting, auditing and financial reporting standards and requirements comparable to those of domestic issuers. Securities of some foreign issuers are less liquid and more volatile than securities of comparable domestic issuers and foreign brokerage commissions are generally higher than in the United States. Foreign securities markets may also be less liquid, more volatile and less subject to government supervision than those in the United States. Investment in foreign countries could be affected by other factors not present in the United States, including expropriation, confiscatory taxation and potential difficulties in enforcing contractual obligations.

**General Economic Conditions.** The success of any investment activity may be affected by general economic conditions, which may affect the level and volatility of interest rates and the extent and timing of investor participation in the markets for both equities and interest-rate-sensitive securities. Unexpected volatility or illiquidity in the markets in which the Fund directly or indirectly holds positions could impair the Fund's ability to carry out its business or cause it to incur losses.

**Market Risks.** The success of a significant portion of the Fund's investment program will depend, to a great extent, upon the Portfolio Managers correctly assessing the future course of the price movements of stocks, bonds, commodities and foreign currencies. There can be no assurance that the various money managers with whom the Fund invests will be able to predict accurately these price movements. However, the Fund is intended to reduce the degree of risk associated with committing capital to a single money manager.



With respect to each investment strategy utilized by any Portfolio manager who is managing assets for the Fund, there is always a degree of market risk.

Lack of Liquidity in Markets. Despite the heavy volume of trading in securities and commodities, the markets for some securities and commodities have limited liquidity and depth. This lack of depth could be a disadvantage to the Fund, both in the realization of the prices which are quoted and in the execution of orders at desired prices.

Suspensions of Trading. Each securities or commodities exchange typically has the right to suspend or limit trading in all securities or commodities which it lists. Such a suspension would render it impossible for a Portfolio Manager to liquidate positions and would, accordingly, expose the Fund to losses.

#### **Specific Registered Fund Risks**

No Operating History. The Registered Fund is recently formed and has no operating history upon which investors can evaluate its performance. However, the personnel of Archstone responsible for managing the Registered Fund's investment portfolio have substantial experience in managing investments and investment funds, including those that have investment programs similar to that of the Registered Fund.

Limitations on Voting Rights of Portfolio Funds. To the extent the Registered Fund purchases non-voting securities of a Portfolio Fund or waives its right to vote its securities with respect to Portfolio Funds, it will not be able to vote on matters that require the approval of the investors in the Portfolio Fund, including matters that could adversely affect the Registered Fund's investment in the Portfolio Fund. This determination is generally made by Archstone, in consultation with counsel to the Registered Fund. In this regard, the Board of Trustees of the Fund (the "Board") has adopted procedures relating to the Registered Fund's waiver of voting rights, for purposes of assuring adherence to the foregoing limitations. Under these procedures, waivers must be a written, irrevocable commitment and, when implemented, must result in the Registered Fund not owning more than 5% of the outstanding voting securities of the applicable Portfolio Fund. Further, the waivers would only be implemented if they would result in the Fund having greater flexibility (under the 1940 Act affiliated transaction restrictions) to transact with the relevant Portfolio Fund(s) (i.e., make additional investments in, or withdraw from, the Portfolio Fund).

Non-Diversified Status of Registered Fund. The Registered Fund is a "non-diversified" investment company. This means that a greater percentage of the Registered Fund's assets may be invested in the securities of any one issuer. Archstone will follow a general policy of seeking to invest the Registered Fund's capital broadly among multiple Portfolio Funds. As a consequence of a potential large investment in a particular Portfolio Fund, losses suffered by such a Portfolio Fund could result in a higher reduction in the Registered Fund's capital than if such capital had been more proportionately allocated among a larger number of Portfolio Funds.

**Investors are urged to carefully review the summary of risk factors set forth in the Private Fund's offering memorandum and the Registered Fund's prospectus, which may be found by searching under "Archstone Alternative Solutions Fund" on the SEC's Edgar database, <http://www.sec.gov/edgar/searchedgar/companysearch.html> for a complete understanding of Archstone's investment strategies and methods of analysis, including the risks associated therewith. The information contained herein is a summary only and is qualified in its entirety by such documents.**

**ARCHSTONE MANAGEMENT COMPANY, LLC  
A.P. MANAGEMENT COMPANY, LLC  
ITEM 9 – DISCIPLINARY INFORMATION**

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Archstone and its management persons have not been involved in any legal, financial or disciplinary events in the past ten (10) years that would be material to an investor's evaluation of the company or its personnel. Should this information change, Archstone will promptly update this statement.

**ARCHSTONE MANAGEMENT COMPANY, LLC**  
**A.P. MANAGEMENT COMPANY, LLC**  
**ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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Archstone's sole business is providing investment advice. As noted in **Item 4**, Archstone is affiliated with Archstone Management Company, LLC. Both APMC and AMC act as general partner and investment adviser/sub-adviser to their respective Private Funds. APMC and AMC provide their services on a discretionary basis and have been registered with the U.S. Securities & Exchange Commission since 2005. In reliance on a CFTC no-action letter for fund of hedge fund managers, Archstone is currently not registered as a commodity pool operator.

With respect to the offshore Private Funds managed by APMC, the Chief Operating Officer of Archstone also serves as a member of the Board of Directors for the Offshore Funds.

Archstone, its employees and its related persons (including their respective family members) may invest directly in the Funds. It should be noted that Archstone has waived the management fee, incentive allocation/fee and/or the preferred profit participation for all employees and members (including their respective family members) of Archstone who are invested in the Private Funds, but such persons still bear their *pro rata* portions of the applicable Private Fund's expenses, and they are subject to the same withdrawal/redemption terms as the other investors.

Archstone's (including its affiliates under common control or controlling Archstone) is the principal business for all its employees. It should be noted; however, that certain of Archstone's members, officers and employees conduct outside business activities which are investment advisory in nature, and may include the management of trading accounts on their own behalf. In fact, such persons may also purchase and sell interests/shares in the underlying Portfolio Funds. In order to manage the above conflicts of interest, Archstone's Code of Ethics requires access persons of Archstone and the Fund to obtain prior written approval from Archstone's Chief Compliance Officer before purchasing any limited offering, including the Private Funds.

Further, certain independent equity members and principals of Archstone (who do not participate in the day-to-day operations of the firm) sit on the advisory boards for outside companies and/or have senior positions at other investment advisory firms. Such equity members and principals may receive compensation in connection with certain of these positions. It should also be noted that certain of Archstone's principals and (employee and independent) former equity members, are also members of the investment committees of endowments and foundations, sit on the boards of public companies and/or may have other outside activities. These individuals (who may be involved in the day-to-day operations of the firm), may receive compensation in connection with certain of these activities. Such other activities or accounts may have investment objectives or may implement investment strategies similar to those of the Fund. All such outside business activities are required to be reported to, and certain outside activities are required to be pre-approved by, the Chief Compliance Officer pursuant to Archstone's Compliance Manual.

While Archstone selects Portfolio Funds that are managed by unaffiliated Portfolio Managers, Archstone does not receive direct or indirect compensation from those Portfolio Funds.

It should be noted that members, officers and employees of underlying Portfolio Managers of the Portfolio Funds may maintain personal investments in the Private Funds managed by Archstone's affiliates. In such instances, neither the Portfolio Fund nor Archstone or its affiliates requires the other party to reciprocate such investment, and each investment is the result of an independent investment decision made by the investing party. There is no special treatment of such investors, but such investments may give rise to conflicts of interest. Each investment is treated in the same manner with the same liquidity rights as any other investor. As part of Archstone's proxy voting procedures, investments such as this, to the extent they apply, are carefully reviewed to ensure that conflicts of interest are identified and addressed.

An unaffiliated broker-dealer and member in good standing with the Financial Industry Regulatory Authority has been engaged to facilitate the distribution of the Registered Fund. Certain Archstone employees are registered representative of the FINRA-registered broker-dealer and may engage in wholesaling and client service activities on behalf of the Registered Fund, and such personnel may also assist in presenting the Private Funds managed by Archstone as investment opportunities. It should be further noted that, as explained in **Item 12**, Archstone generally does not utilize the services of broker-dealers because the Registered Fund invests in Portfolio Funds. As such, Archstone is of the view that there is no inherent material conflict of interest as a result of this relationship.

**ARCHSTONE MANAGEMENT COMPANY, LLC**

**A.P. MANAGEMENT COMPANY, LLC**

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

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Archstone has adopted a Compliance Manual and Code of Ethics to monitor the potential conflicts of interests within the firm as it relates to access persons' personal trading (including investments in hedge funds, among others) and outside business activities and other matters. Archstone's Code of Ethics has been designed to comply with the requirements of Advisers Act Rule 204A-1 and Rule 17j-1 of the Company Act and is part of Archstone's Compliance Manual. Among other things, the Compliance Manual and Code of Ethics (i) requires that all employees comply with federal securities laws, (ii) requires that all employees submit to Archstone reports containing their personal securities holdings and transactions in reportable securities, and that Archstone review such reports, (iii) requires all employees to obtain pre-approval of certain types of investments, (iv) requires employees to disclose their outside business activities, and (v) contains policies and procedures designed to prevent the misuse of material, non-public information. Additionally, Archstone employees are required to report and pre-clear certain political contributions, in connection with Advisers Act Rule 206(4)-5. All personnel of Archstone are required to certify their compliance with the Compliance Manual and Code of Ethics upon hire and generally on an annual basis thereafter.

Archstone also maintains policies and procedures to prevent insider trading that are designed to prevent the misuse of material, non-public information. Archstone's personnel are required to certify their compliance with the Code of Ethics and policies and procedures to prevent insider trading. Archstone's insider trading policies prohibit it and its personnel from trading for advisory clients or themselves, or recommend trading, in securities of a company while in possession of material, nonpublic information ("Inside Information") about the company, and from disclosing such information to any person not entitled to receive it. In addition, among other things, such policies seek to control and monitor the flow of Inside Information to and within the firm, as well as prevent trading based on Inside Information.

*Potential Conflicts of Interest*

In providing their services, Archstone and its affiliates may be exposed to several potential conflicts of interests, including but not limited to, those identified below. Archstone has adopted and continues to adopt, policies and procedures aimed at addressing such potential conflicts of interests.

To the extent permitted by applicable law, Archstone may cause a Private Fund to purchase investments from, to sell investments to, exchange investments with, or transfer investments to another Private Fund. Any such purchases, sales, exchanges or transfers will generally be affected in the open market based on independent current market price or fair market value of the investment.

From time to time, Archstone may take an investment position or action for a Fund/the Registered Fund that is different from, or inconsistent with, an action or position taken by another Fund/Private Fund having similar or differing investment objectives. In fact, the Private Funds have different management fee and expense structures and in certain instances charge an incentive fee/allocation. There may also be situations in which a Fund/Private Fund or Archstone's related persons have made investments that would have been suitable for investment by another Fund/the Registered Fund but, for various reasons, were not pursued by the other Fund/Registered Fund. In the event the Registered Fund and such Private Funds have competing interests in a limited investment opportunity, an investment decision would be made by the Investment/Research Committee on the basis of numerous considerations, including, without limitation, the funds' investment/risk parameters, cash flows and liquidity, assets under management and current exposure, participating in other opportunities, compliance with applicable laws and tax concerns or comparable portfolio holdings.

While Archstone will have the discretion to apportion such investments among such entities and, in the case of limited capacity in the underlying Portfolio Fund that is suitable for the both the Registered Fund and Private Funds or one Fund and another Fund, Archstone will make its allocation decisions based on principals of fairness

and equity, Archstone and its affiliates cannot assure equal treatment across all entities they advise. Further, due to timing of withdrawals/redemptions and contributions, Archstone may give advice or take action with respect to the investments of one Fund/the Registered Fund that may not be given or taken with respect to another Fund/the Private Funds managed by its affiliates with similar investment programs, objectives, and strategies. Accordingly, due to timing of withdrawals/redemptions and contributions, among other things, one Fund/the Registered Fund may not hold the same securities or instruments or achieve the same performance returns as those other Funds/Private Funds that employ a similar investment strategy.

Archstone and its personnel may have conflicts in allocating their time and services among advisory clients. Archstone will devote as much time to each advisory client as it deems appropriate to perform its duties in accordance with its investment management agreements.

Archstone Partners II, L.P. serves as a feeder fund to Archstone Partners, L.P. and therefore will invest all of its investable assets in Archstone Partners, L.P. Archstone Partners, L.P. (and thus indirectly Archstone Partners II, L.P.) and Archstone Offshore Fund, Ltd. may from time to time invest in one or more of the other Private Funds (each an “Affiliated Fund of Funds”) managed or advised by Archstone. In that event, Archstone Partners, L.P. (and thus indirectly Archstone Partners II, L.P.) and Archstone Offshore Fund, Ltd. will not be charged any management or performance based fees by the Affiliate Fund of Funds nor will Archstone Partners, L.P. (and thus indirectly Archstone Partners II, L.P.) and Archstone Offshore Fund, Ltd. be charged any organizational, offering, accounting, administration, legal or other fees or expenses incurred at the Affiliated Fund of Funds level, other than those expenses directly related to an investment by Archstone Partners, L.P. (and thus indirectly Archstone Partners II, L.P.) and Archstone Offshore Fund, Ltd. in Portfolio Funds. While an investment by Archstone Partners, L.P. (and thus indirectly Archstone Partners II, L.P.) and Archstone Offshore Fund, Ltd. in an Affiliated Fund of Funds may enable Archstone and its affiliates to offer a broader array of investment funds to the Archstone Funds and its investors, such an investment presents a conflict of interest.

Archstone’s officers, employees and access persons (including the trustees of the Registered Fund and directors of the Offshore Funds) may also invest in the underlying Portfolio Funds that Archstone recommends to the Fund for their own accounts. As limited partners or shareholders of the same Portfolio Fund(s), such officers, employees and access persons would be participating in any capital gains (or losses) along with the Fund and its investors. Furthermore, members, officers and employees of the Portfolio Managers of the underlying Portfolio Funds in which the Fund invests may maintain personal investments in the Private Funds managed by Archstone. In such instances, neither the Portfolio Manager/Portfolio Funds nor Archstone or its affiliates require the other party to reciprocate such investment and each investment is the result of an independent investment decision made by the investing party, be it Archstone or the underlying Portfolio Manager/underlying Portfolio Funds (including their members, officers or employees). It should be noted that in each case, there is no special treatment of such investors in the Private Funds, but such investments may give rise to conflicts of interest. Each investment by such parties in the Private Funds is treated in the same manner with the same liquidity rights as any other investor. As part of the proxy voting procedures, investments such as this, to the extent they apply, are generally reviewed to ensure that conflicts of interest are identified and adequately addressed. It should also be noted that there may be instances whereby Archstone’s officers, employees and access persons make direct investments in financial instruments that are also held by an underlying Portfolio Fund.

Archstone seeks to monitor the potential conflicts of interests within the firm as it relates to access person’s personal trading (including investments in the funds managed by Archstone and its affiliates). Each access person transaction is strictly required to be made in accordance with Archstone’s Code of Ethics. In this regard, employees are subject to pre-clearance and periodic reporting requirements of their holdings and securities transactions under the firm’s Code of Ethics. As previously noted, Archstone’s Code of Ethics requires Archstone’s access persons to obtain prior written approval from the Chief Compliance Officer before purchasing any limited offering. The Chief Compliance Officer reviews access persons’ personal transaction reports to make sure each access person is conducting his or her personal securities transactions in a manner that is consistent with the Code of Ethics.

In addition, Archstone, its employees and its related persons may also invest directly in the Private Funds and in the Class I Shares of the Registered Fund, but shall be subject to the same liquidity rights and restrictions as disclosed in the relevant Fund's prospectus. The fact that Archstone, its employees, officers and its related persons may have a financial ownership interest in the Funds creates a potential conflict in that it could cause Archstone to make different investment decisions than if they did not have such a financial ownership interest. Further, Archstone charges the Funds fees based on a percentage of assets under management via the management fee. The management fee is payable without regard to the overall success or income earned by the Fund and therefore may create an incentive on the part of Archstone to raise or otherwise increase assets under management to a higher level than would be the case if Archstone were receiving a lower or no management fee. In instances where a Private Fund is charged a performance-based fee, Archstone may have an incentive to make investments that are riskier or more speculative than it otherwise would.

APMC and AMC share the same employees, office space and operational infrastructure. The Private Funds are subject to different operational expenses than the Registered Fund. Archstone and its affiliates potentially could choose to allocate certain expenses to an advisory client that has a more advantageous fee structure or, as permitted in the governing documents, covers more of such operational costs. To mitigate this conflict, Archstone and its affiliates will allocate expenses on basis that they consider equitable and in accordance with the expense allocation policies and entities' governing documents. Further, Archstone and its affiliates may have conflicts in allocating their time and services among their respective advisory clients. Archstone will devote as much time to each of their respective advisory clients as it deems appropriate to perform its duties in accordance with its investment management agreements and fiduciary obligations.

Archstone and its affiliates endeavor to provide the same level of transparency among their respective advisory clients. At the same time, the Registered Funds and the Private Funds managed by Archstone are subject to different withdrawal/tender limitations. In that regard, investors in the Registered Fund may be able to make withdrawal/tender decisions with respect to their investment in the Fund in a more timely manner, or vice versa. Further, the Registered Fund is subject to periodic, public disclosure requirements concerning its portfolio and financials, unlike the Private Funds – which can lead to some differences in the frequency and nature of disclosures to investors.

Taking into consideration the conflicts of interest disclosed above and as noted above, Archstone has established a Code of Ethics that sets forth a standard of business conduct that takes into account Archstone's status as a fiduciary and requires access persons to place the interests of the Funds and their respective investors above their own interests.

As an aside, it should also be noted that members, officers and employees of Archstone may personally have arrangements in place with the service providers and vendors, including third-party consultants (collectively, the "Outside Vendors") utilized by Archstone and/or the Fund (*i.e.*, personal bank accounts maintained with an outside vendor). In such instances, each arrangement is the result of an independent decision made by such member, officer or employee. It should be noted that in each case, there is no special treatment requested by the Archstone member, officer or employee, but such arrangements may give rise to conflicts of interest.

It should also be noted that Archstone may receive investments from investors referred by certain third-party consultants (the "Third-Party Consultants"), who advise their underlying client base on alternative investment options. Such Third-Party Consultants, including their respective members, officers and employees may also maintain personal investments in the Fund or one or more of the Private Funds advised by Archstone. Members, officers, and employees of the Third-Party Consultants receive no more favorable terms than those that are available to the other investors.

Clients or prospective clients may obtain a copy of Archstone's Code of Ethics by contacting the Chief Compliance Officer, Rinarisa Coronel DeFronze, at 212-201-0517 or via e-mail at [rdefronze@archstonepartners.com](mailto:rdefronze@archstonepartners.com).

**ARCHSTONE MANAGEMENT COMPANY, LLC**  
**A.P. MANAGEMENT COMPANY, LLC**  
**ITEM 12 – BROKERAGE PRACTICES**

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As Archstone is a “fund-of-funds” manager with no direct investments other than those in the Portfolio Funds, Archstone is not involved in selecting or recommending broker-dealers for Fund transactions and determining the reasonableness of broker-dealer compensation (*i.e.*, commissions). Archstone has no control in negotiating the rates of compensation the Portfolio Funds, and ultimately the Fund’s investors, will pay. Furthermore, Archstone does not receive research or other products or services from broker-dealers or third parties in connection with Fund transactions (“soft dollar benefits”). It is expected that Portfolio Managers utilized by the Fund will allocate brokerage business generally on the basis of best available execution and in consideration of such brokers’ provision of brokerage, research and related services (but no absolute assurances can be made in that respect). Archstone has no direct control over Portfolio Managers’ best execution review processes.



**ARCHSTONE MANAGEMENT COMPANY, LLC**  
**A.P. MANAGEMENT COMPANY, LLC**  
**ITEM 13 – REVIEW OF ACCOUNTS**

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The Investment Committee is ultimately responsible for ensuring that the Fund is meeting its stated investment objectives and guidelines. The Investment Committee includes the Co-Portfolio Managers and the Deputy Portfolio Manager. Active accounts are under continuous review with regard to investment policy, the suitability of the investments used to meet the policy objectives and the investment objectives of the particular account. The Research Committee meets monthly to review the portfolios, to consider and make allocation decisions in light of general market conditions, to consider changes at the money manager and underlying Portfolio Fund level and to consider such other matters deemed relevant to the client accounts. The Research Committee includes one or both of the Co-Portfolio Managers, the Deputy Portfolio Manager and other investment professionals. Its meetings are also attended by members of Operations, Client Services, Finance/Accounting and Legal/Compliance teams.

After a Portfolio Manager has been included in the Fund's portfolio, the primary responsibility for ongoing monitoring is dedicated to one of the Research Analysts and/or Deputy Portfolio Manager on the team. The - investment team member generally speaks with each Portfolio Manager on a monthly basis to receive updates on performance, exposures, drivers of returns, etc. This information, as well as the investment team member's opinions regarding each manager, is discussed at monthly meetings of the Research Committee. All of Archstone's Research Analysts are generalists, and typically have primary coverage responsibilities for managers across strategies and in several Archstone portfolios. Secondary coverage is also assigned to each manager for the purpose of challenging the primary investment team member's views and providing redundancy to the team. Archstone also seeks to conduct on-site visits with the underlying Portfolio Fund's key decision-maker(s) on an annual basis. Throughout this process, Archstone continuously evaluates whether the money manager is employing strategies that are within its stated objectives and may use manager-provided information or public/regulatory filings to conduct its analysis. Archstone also uses quantitative risk management software to measure style drift by analyzing sector/style exposures and how the exposures have changed over time. To verify sector/security exposures and portfolio liquidity, Archstone uses another quantitative analysis tool which incorporates holdings data from over 60 countries, multiple asset classes and more than ten years of history.

Monthly Research Committee meetings are the forum in which the investment team member makes recommendations for hiring or terminating a particular manager, as well as for increasing/decreasing a manager's weight within each portfolio. The findings of the operational due diligence team are also incorporated into the discussion and decision process.

There is no specific factor which triggers a review and no procedure which determines the sequence in which accounts will be reviewed. In general, transactions will be initiated as a result of a new investment decision or realization of an existing investment that is not meeting expectations.

All investors are provided with the following written reports: (i) quarterly management letter setting out information determined by Archstone to be appropriate concerning valuations, profits, gains and losses; and (ii) monthly statements which include estimated performance. Registered Fund investors also receive: (iii) annual and annual audited reports containing Fund financial statements required under the Company Act; (iv) semi-annual disclosures of portfolio holdings (via form N-Q) and (v) 1099s necessary for completion of federal audited income tax returns. Private Fund Investors also receive: (i) audited financial reports prepared by the Private Funds' independent auditors will be distributed to each investor on an annual basis; and (ii) K-1s (for the Partnerships only).

Additionally, Archstone may in its discretion, provide additional information to an individual investor, upon request to the extent permitted by law.

**ARCHSTONE MANAGEMENT COMPANY, LLC**  
**A.P. MANAGEMENT COMPANY, LLC**  
**ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

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Archstone has and may enter into other arrangements pursuant to which it compensates third parties for investor referrals into the Private Funds. In general, Archstone may pay third party solicitors out of the fees received by Archstone with regard to the Private Funds for investor referrals. All such fees, if any, will be fully disclosed to investors prior to investment

With respect to the Registered Fund, Archstone has entered into a third-party distribution arrangement and will pay its distributor for performing distribution services. Archstone may also enter into other arrangements with broker-dealers and other intermediaries in connection with selling the Registered Fund's shares to investors and/or investor/servicing. All such arrangements will be made in compliance with Rule 206(4)-3 under the Advisers Act, as well as relevant SEC guidance, as applicable. Compensation to such third-parties may be in the form of an up-front commission or a portion of Archstone's fees or payments from other Archstone resources, among other things. While such payment arrangements may vary on case by case basis; all such fees, if any, will be fully disclosed to investors.

From time to time Archstone's employees and/or principals may make charitable or political contributions and donations. Such activities are generally at the sole discretion of such employee. In addition, in the normal course of business, Archstone may also provide entertainment or items that could be considered as gifts to various individuals and entities such as clients, investors, vendors, consultants and service providers. These contributions, donations, gifts and entertainment are not premised upon client referrals or any other type of benefit to Archstone. 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 Archstone in the future.

Archstone maintains written policies and procedures with regard to the giving and receipt of gifts and entertainment and the giving of political donations and contributions. These policies and procedures require, among other things, the prohibition of excessive gifts/benefits/entertainment and pre-approval for certain activities in order to help minimize the risks associated with potential conflicts of interest between the interests of Archstone and its clients.

**ARCHSTONE MANAGEMENT COMPANY, LLC**  
**A.P. MANAGEMENT COMPANY, LLC**  
**ITEM 15 – CUSTODY**

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Archstone does not maintain direct custody of the Registered Fund's assets.

Archstone has established custodial relationships for the Partnerships with First Republic Bank (1230 Avenue of the Americas, New York, NY 10020) ("First Republic") and Bank of New York Mellon, through its' agent and nominee subsidiary Charles Frederic & Co. (101 Barclay Street, 13th Floor West, New York, NY 10286) ("BNY Mellon") whereby First Republic serves as the qualified custodian for certain of the cash assets of the Partnerships and BNY Mellon will serve as qualified custodian for certain of the cash assets and securities of the Partnerships.

Archstone has established custodial relationships for the Offshore Funds with Bank of New York Mellon, through its' agent and nominee subsidiary Charles Frederic & Co. (101 Barclay Street, 13th Floor West, New York, NY 10286) and The Northern Trust International Banking Corporation, NJ (HFC, Plaza 10, 3 Second Street, Suite 1401 Jersey City, NJ 07311) whereby BNY Mellon will serve as qualified custodian for certain of the cash and securities of the Offshore Funds and The Northern Trust International Banking Corporation, NJ will serve as qualified custodian for certain of the cash assets of the Offshore Funds.

Archstone has established a custodial relationship for the Registered Fund with UMB Bank, n.a. (928 Grand Boulevard, Kansas City, MO 64106) ("UMB").

Investors will not receive statements directly from the Administrator. To ensure compliance with Rule 206(4)-2 under the Advisers Act, Archstone reasonably believes that investors in the Private Funds will be provided with audited financial statements within 180 days of the Private Fund's fiscal year end. Further, the Private Fund's financial statements are prepared by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles. Investors should carefully review the audited financial statements of the Private Fund. Registered Fund investors will receive audited financial statements from the Fund within 60 days of the Fund's fiscal year, as required by the Company Act.

It should be noted that Archstone's authority to cause the Fund to withdraw or redeem from an underlying Portfolio Fund is subject to the condition that the underlying Portfolio Fund be instructed, at the time of the withdrawal or redemption, to remit any withdrawal or redemption proceeds directly to UMB, the Fund's custodian.

**ARCHSTONE MANAGEMENT COMPANY, LLC**  
**A.P. MANAGEMENT COMPANY, LLC**  
**ITEM 16 – INVESTMENT DISCRETION**

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Archstone's investment management services are provided pursuant to the terms of an investment advisory agreement with the Fund. Archstone has discretionary authority to manage and authorize the purchase and sale decisions for the Funds. As explained in **Item 4** above, individual investors do not have the ability to impose limitations on Archstone's discretionary authority. Investors are provided with the Private Fund's and Registered Fund's offering memorandum and prospectus, respectively, and are encouraged to carefully review it, along with all other relevant governing documents to ensure that the investment is consistent with their investment goals and tolerance for risk. Prospective investors must also execute a subscription agreement, which constitutes a legal, valid and binding obligation of the investor, enforceable in accordance with its terms.

**ARCHSTONE MANAGEMENT COMPANY, LLC**  
**A.P. MANAGEMENT COMPANY, LLC**  
**ITEM 17 – VOTING CLIENT SECURITIES**

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Archstone understands and appreciates the importance of proxy voting. Archstone has established procedures for exercising proxy voting rights. The Investment Committee ultimately decides on how to vote a proxy, and is supported by Archstone's Research, Operations and Compliance teams. Archstone's proxy voting procedures are designed to ensure that proxies voted by the firm are voted in the best interests of the Fund.

Since the Funds do not directly hold exchange traded securities, the exercise of proxy votes typically involve limited partner or shareholder votes with respect to the underlying Portfolio Fund's organizational and governance issues. For example, the underlying Portfolio Funds typically seek investor approval on a variety of matters which may include, but are not limited to: (i) obtaining authority to issue new classes of securities; (ii) changing management and/or incentive fee/allocation terms; and (iii) imposing greater limits on investor's ability to withdraw/redeem.

It should be noted that the Registered Fund may purchase non-voting securities of, or irrevocably waive or limit contractually the right to vote in respect of, Portfolio Funds in order to prevent the Registered Fund from becoming an "affiliated person" of the Portfolio Fund for purposes of the Company Act and becoming subject to the prohibitions on transactions with affiliated persons contained in the Company Act. Consequently, the Registered Fund may not be able to vote to the full extent of its economic interest, including matters that could adversely affect the Registered Fund's investment. Archstone will make the determination to waive voting rights pursuant to policies adopted by the Registered Fund's Board of Trustees. Entering into voting waivers is expected to allow the Registered Fund to purchase interests in Portfolio Funds that Archstone believes represent attractive investment opportunities, which the Registered Fund might otherwise be restricted from holding pursuant to the prohibitions on transactions with affiliated persons under the Company Act.

Prior to voting any proxies, the compliance procedures adopted by the firm require that the Research team, in consultation with the Chief Compliance Officer, identify and address any potential or actual conflicts of interests between Archstone and its clients. A consideration on how the proposal impacts the firm's clients is also made. If a material conflict of interests exists, the Research team, in consultation with the Chief Compliance Officer, will determine whether voting in accordance with the guidelines set forth in the written procedures is in the best interests of the Fund or whether some other appropriate action should be taken. If no material conflict is identified pursuant to its set procedures, the Investment Committee, with the benefit of a recommendation from the Research team, will make a decision on how to vote the proxy in question. A member of the Operations team ensures delivery of the proxy, in accordance with instructions related to such proxy, in a timely and appropriate manner.

Archstone keeps a record of its proxy voting policies and procedures, proxy statements received, votes cast, all communications received and internal documents created that were material to voting decisions and each client request for proxy voting records and Archstone's response for the previous five years. The Registered Fund will also file an annual proxy report with the SEC on Form N-PX. The filing will be available on the SEC's website at [www.sec.gov](http://www.sec.gov).

If you have any questions about Archstone's proxy voting policy, its proxy record-keeping procedures or if you would like any detailed information about how proxies are actually voted, please contact the Chief Compliance Officer, Rinarisa Coronel DeFronze, at 212-201-0517 or via e-mail at [rdefronze@archstonepartners.com](mailto:rdefronze@archstonepartners.com).

**ARCHSTONE MANAGEMENT COMPANY, LLC**  
**A.P. MANAGEMENT COMPANY, LLC**  
**ITEM 18 – FINANCIAL INFORMATION**

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Archstone has never filed for bankruptcy and is currently not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to the Fund.