

Item 1. Cover Page

DISCLOSURE BROCHURE

(FORM ADV, PART 2A)

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June 2016

This brochure provides information about the qualifications and business practices of Cowen Advisors LLC. If you have any questions about the contents of this brochure, please contact us at (212)845-7900. 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. Cowen Advisors LLC is registered as an investment adviser with the SEC. Registration does not imply a certain level of skill or training.

Additional information about Cowen Advisors LLC is also available on the SEC’s website at www.adviserinfo.sec.gov.

Please retain a copy of this brochure for your records.

Item 2. Material Changes

Cowen Advisors LLC (the “Adviser”), previously known as Cowen Structured Credit Group LLC, underwent a name change effective June 1, 2016.

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Item 4. Advisory Business

The Adviser is a Delaware Limited Liability Company formed in 1997 and a direct wholly-owned subsidiary of Cowen Group, Inc., a publicly traded company (NASDAQ: COWN). The Adviser (previously known as Cowen Structured Credit Group, LLC) underwent a name change on June 1, 2016 and is now known as Cowen Advisers LLC

The Adviser provides discretionary investment management services to Cowen Private Investments LP and Cowen Private Investments Employee Feeder LP, both private equity investment partnerships (each a “PE Fund” and collectively, the “PE Funds”) and also acts as collateral manager to offshore securitized asset funds that invest in prime residential mortgage backed securities that are offered to investors on a private placement basis (each an “SAF” and collectively, the “SAFs” and together with the PE Funds, the “Funds”). Interests in the Funds are offered on a private placement basis exclusively to investors satisfying the applicable eligibility and suitability requirements in offshore transactions.

The Adviser also acts as the investment manager to separately managed accounts that typically invest in fixed income securities and which may also include equity securities, privately placed investments and any other securities placed by the account holder under the Adviser’s management (each an “SMA” and together the “SMAs”). As used herein, the term “Client” generally refers to each Private Fund, SAF and each beneficial owner of an SMA.

This brochure generally includes information about the Adviser and its relationships with its Clients and affiliates. While much of this brochure applies to all such Clients and affiliates, certain information included herein applies to specific Clients or affiliates only. This brochure does not constitute an offer to sell or solicitation of an offer to buy any securities.

The descriptions set forth in this brochure of specific advisory services that the Adviser offers to Clients, and investment strategies pursued and investments made by the Adviser on behalf of its Clients, should not be understood to limit in any way the Adviser's investment activities. The Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this brochure, that the Adviser considers appropriate, subject to each Client's investment objectives and guidelines. The investment strategies the Adviser pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Client will be achieved.

The Adviser has full discretionary authority with respect to investment decisions for all of the Funds and SMAs it advises and its advice with respect to all Funds and SMAs are made in accordance with their respective investment objectives and guidelines.

The Adviser does not participate in wrap fee programs.

As of February 29, 2016 the Adviser managed approximately U.S.\$140,191,000 of net assets under management on a discretionary basis. This number is based on estimated and unaudited information as of such date and is therefore subject to change. The Adviser does not currently manage any non-discretionary Client assets.

Item 5. Fees and Compensation

The fees applicable to each Client are set forth in detail in their respective offering documents/investment management agreement, as applicable.

PE Funds: The fees applicable to each PE Fund are set forth in their respective limited partnership agreements. With respect to the provision of its investment management services, the Adviser does not currently charge its PE Funds a fixed fee based on a percentage of the PE Fund's assets under management.

SAFs: The fees applicable to each SAF are set forth in their respective offering documents. The SAFs pay the Adviser certain fees for its management functions with respect to its portfolio collateral including a senior collateral management fee (the "Senior Collateral Management Fee") and a subordinated or junior collateral management fee (the "Junior Collateral Management Fee", together with the Senior Collateral Management Fee, the "Collateral Management Fees"). The Collateral Management Fees are based on a percentage of the SAF's portfolio collateral calculated at annual rates which can range from 0.02% to 0.30%. Asset based fees for the SAF are generally payable quarterly in arrears. The specific terms relating to the Collateral Management Fees paid to the Adviser vary by the SAF and are described in detail in each respective SAF's offering documents. Given the current low level of assets in the SAFs, the Adviser is currently only receiving a Senior Collateral Management Fee from the SAFs as compensation for its collateral management functions.

SMAs: The fees applicable to each SMA are set forth in their respective investment management agreement ("IMA"). Generally, the Adviser receives a fee for investment management services provided to the SMAs (the "Management Fee"). Compensation received by the Adviser from the SMAs will be comprised of a Management Fee based on a percentage of assets under management at annual rates which generally will approximate 0.25% to 0.50%. Asset-based fees for the SMAs will generally be charged quarterly in arrears for such period during which the Adviser performed the services to which the fees related.

Direct Expenses

Each Client is responsible for expenses related to its respective operations and activities, including expenses associated with its investment portfolio and, if applicable, its proportionate share of the direct expenses of the third party investment products in which it invests. The direct expenses incurred by each Client, which are outlined in detail in their respective investment management agreement and/or offering materials, as applicable, may vary depending on the nature of the operations and activities of the Client.

Below is a summary of the direct expenses typically borne by each type of Client. The summary is not meant to be a complete list of all direct expenses; nor should it be inferred that each expense appearing in the summary will be incurred by every Client. Clients are advised to read the relevant investment management agreement and/or offering materials, as applicable, for a complete description of applicable direct expenses.

Generally, expenses born by the PE Funds shall include the following reasonable costs and expenses associated with the formation, operation, dissolution, winding-up, or termination of the partnership: out-of-pocket expenses associated with the organization of the PE Funds or their general partner or the syndication of interests therein, including reasonable attorneys' fees incurred in connection with an investment in the PE Fund; fees payable to an administrator and other investment expenses (e.g. expenses

that the PE Fund's general partner reasonably determines to be related to the investment of the PE Fund's assets, such as brokerage commissions, expenses relating to short sales, clearing and settlement charges, custodial fees, bank service fees, and interest expenses); legal and compliance expenses relating to the PE Fund, including fees and expenses of external attorneys retained by the PE Fund; professional fees relating to investments made or considered by the PE Fund, including consultants, experts and members of any investment group with which the PE Fund invests; investment-related travel expenses reasonably determined by the PE Fund's general partner to be allocable to the PE Fund based on its general partner's good faith determination of the primary purpose of such travel; accounting expenses, including the cost of accounting software packages; auditing, tax compliance, and tax preparation expenses; taxes and other governmental charges imposed upon the PE Fund as an entity (rather than solely as a withholding agent); insurance expenses; regulatory expenses of the PE Fund (including governmental reports and filing fees); costs of litigation and other extraordinary expenses; costs and expenses associated with the organization and maintenance of holding vehicles or other investment conduits, excluding any feeder fund; costs and expenses associated with the monitoring and disposition of investments; any fees, costs or expenses relating to investments that were not consummated, including broken-deal fees; and other similar expenses. Cowen Private Investments LP shall not pay aggregate partnership expenses for any fiscal year in excess of \$275,000 without the consent of the designated partner identified in its limited partnership agreement.

The Adviser is permitted to be reimbursed for the following administrative expenses and costs related to the purchase and sale of Collateralized Debt Securities ("CDS") and other eligible investments by the SAFs it advises: negotiating with issuers of CDS as to proposed modifications or waivers; taking action or advising the trustee with respect to an issuer's exercise of any rights or remedies in connection with CDS and other eligible investments, including in connection with an offer or a default, participating in committees or other groups formed by creditors of an issuer of CDS; purchasing and maintaining systems to analyze CDS, including analyzing whether CDS meet the requirements of an indenture, preparation of summary reports with respect to meeting the requirements of an indenture; and, consulting with and providing any rating agency with any information in connection with such rating agency's maintenance of the ratings of the relevant notes. Such expenses may constitute administrative expenses and may be paid or reimbursed by the respective SAF's issuer in accordance with the terms of the SAF as set forth in its offering documents. Notwithstanding the foregoing, due to the low value of portfolio assets held by the SAFs, the Adviser is not currently charging back any administrative expenses to the SAFs.

With respect to the SMAs, all reasonable expenses incurred in the ordinary course of business relating to the account including, but not limited to, trading commissions, brokerage and custody fees, and other reasonable costs of safekeeping, transport and acquisition and disposition shall be paid by the SMA. In the sole discretion of the Adviser, the Management Fee may be calculated differently with respect to, or may not be charged to, certain SMAs.

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

The Adviser does not currently accept performance-based compensation from the SAFs or SMAs it advises. Although the Adviser does not directly charge the PE Funds performance-based fees, the Adviser's affiliate and general partner to the PE Funds may be entitled to receive carried interest generally equal to 15% of the cash distributions of the PE Fund's net proceeds, after it has returned invested capital to each such investor (to the extent not previously returned) plus a preferred return thereon at a cumulative annual compounded rate of return of 8% and may subsequently be entitled to receive carried interest generally equal to 20% of the cash distributions of the PE Fund's net proceeds, after the PE Fund has returned invested capital to each such investor and the general partner (subject to an 85%/15% split and to the extent not previously returned) plus a preferred return thereon at a cumulative annual compounded

rate of return of 25%. Thereafter, distributions will be made subject to an 80%/20% split. The carried interest is also subject to a claw back obligation, the details of which are outlined in the PE Fund's limited partnership agreement. The general partner of Cowen Private Investments Employee Feeder LP does not receive a performance-based fees directly from this PE Fund.

Full details regarding the investor suitability standards are included in the PE Funds respective limited partnership agreements. Performance Compensation is only charged in compliance with all applicable requirements of Rule 205-3 under the Investment Advisers Act of 1940, as amended (the "Advisers Act") and the general partner of each PE Fund only accepts performance-based compensation from qualified clients. The variation of performance-based compensation structures among its Clients may create an incentive for the Adviser to direct the best investment ideas to, or to allocate or sequence trades in favor of Clients that have performance-based compensation obligations rather than other Clients with lower or no performance-based compensation structure. The Adviser is committed to allocating investment opportunities on a fair and equitable basis and has established policies and procedures to address the conflict of interest described above.

Item 7. Types of Clients

As described above in Item 4, the Advisers Clients include PE Funds, SAFs and SMAs. The Adviser may provide discretionary investment management services to SMAs and PE Funds beneficially owned by employees of the Adviser and its affiliates (including their family members). The Adviser may advise both U.S. and non-U.S. Clients.

To help the U.S. Government fight the funding of terrorism and money laundering activities, an Adviser may seek to obtain, verify, and record information that identifies each investor who invests in a Fund advised by the Adviser and each SMA account holder. In this regard, when an investor seeks to open an account or invest in a Fund, the Adviser may ask for a completed Form W-8/W-9, as applicable, which includes the name, address, Tax ID/Employer ID number (or any other registration number issued in the jurisdiction of location or incorporation) and other reasonably required information that will allow the Adviser to identify the client. The Adviser may ask for information and documentation regarding source of funds to be invested. The Adviser also reserves the right to ask for more information regarding the individuals who are beneficial owners of the investor and/or exercise control over the investor. The Adviser may ask for the names of such beneficial owners and may also ask for address, date of birth, and other information that will allow the Adviser to identify such beneficial owners. The Adviser may also request such other information as may be necessary to comply with applicable law. Furthermore, the Adviser may verify any of the aforementioned information using third-party sources and may share that information as required by applicable law or in connection with the execution of trades on behalf of that investor. For certain investors, an Adviser may rely on the investor's broker-dealer, administrator, transfer agent, custodian or placement agent to obtain, verify and record the required information.

As a general matter, each Client is managed in accordance with its investment objectives, strategies and guidelines and, unless the Client is an SMA, investment advisory services are not tailored to the individualized needs of any particular investor. In addition, an investment in a Fund does not, in and of itself, create an advisory relationship between the investor and the Adviser. Therefore, investors must consider whether such an investment meets their investment objectives and risk tolerance prior to investing. Information about a Client, including its investment risk, can be found in its investment management agreement and/or offering materials, as applicable. While this brochure may be provided to, and include information relevant to investors, this brochure is designed solely to provide information about the Adviser and should not be considered to be an offer of interests in any Client.

Typically, each investor in a Fund that is exempt from the registration requirements under the Investment Company Act of 1940, as amended (the “Company Act”) pursuant to Section 3(c)(7) is required to qualify as a “qualified purchaser” within the meaning of Section 2(a)(51) of the Company Act and is required to certify that it is at least an “accredited investor” within the meaning of Rule 501 of Regulation D under the Securities Act of 1933, as amended (the “Securities Act”) and non-U.S. investors are required to certify that they meet the requirements of the Regulation S safe harbor under the Securities Act; however, where the Adviser does not charge performance-based compensation to a particular Client, investors will only be required to qualify as an “accredited investor” within the meaning of Rule 501 of Regulation D under the Securities Act. As noted above in Item 6, if the Adviser collects performance-based compensation, investors will be required to meet the requirements of Rule 205-3 under the Advisers Act and certify that they are at least a “qualified client.” Please see each Client’s investment management agreement and/or offering materials, as applicable, for specific investor qualifications.

The PE Funds currently operate using a “master-feeder” structure, pursuant to which trading operations reside in Cowen Private Investments LP, which is the “master fund.” Investors may access the master fund directly or may invest through Cowen Private Investments Employee Feeder LP, which is a “feeder fund” that, in turn, invests directly in the master fund.

The Adviser and its related persons may invest in and/or serve as general partner or managing member, or on the board of directors or advisory board, of a Client and may provide services other than advice (including, but not limited to, administration, organizing and managing the business affairs, executing and reconciling trades, preparing financial statements and providing audit support, preparing tax related schedules or documents, legal and compliance support, and sales and investor relations support, diligence and valuation services) to such Client, in some cases for a fee separate and apart from the advisory fee.

The minimum investment in the PE Funds ranges from \$25 million for Cowen Private Investments LP down to \$25,000 for Cowen Private Investments Employee Feeder LP provided that in each case the PE Funds’ general partner may accept lesser amounts in its discretion. The minimum investment in the SAFs is generally \$100,000 (with additional integral multiples of \$100,000) or \$1,000,000 (with additional integral multiples of \$1,000); however none of the SAFs are currently accepting new investors. There is no established minimum requirement for the SMAs.

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

The descriptions provided herein regarding the investment strategies pursued and investments made by the Adviser (or affiliated general partner, as applicable) on behalf of its Clients should not be understood to limit in any way the Adviser's investment activities. The Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described herein, that the Adviser considers appropriate, subject to each Client's investment objectives and guidelines. The investment strategies the Adviser pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Client will be achieved.

Methods of Analysis and Investment Strategies

The Adviser may engage in one or more of a number of strategies with respect to its Clients. With respect to its PE Funds, the Adviser (or affiliated general partner, as applicable) seeks primarily to make private equity investments into companies that the general partner expects to have an initial public offering or sale in the next 12 to 18 months. PE Funds may also allocate a portion of its capital to cash or cash items. With respect to its SAFs, the Adviser generally engages as a collateral manager to the SAFs and acts on

behalf of the SAF issuer by managing the selection, acquisition and disposition of the SAF's portfolio collateral (including, without limitation, exercising rights and remedies associated with the SAF's portfolio collateral.) The portfolio collateral of a SAF generally consists of a diversified pool of asset backed securities and other types of synthetic securities purchased by the SAF's issuer. With respect to its SMAs, the Adviser may engage in one or more of a number of strategies, including but not limited to: fixed income securities and may also include equity securities, privately placed investments any other securities placed by the Client under the Adviser's management. The Adviser's authority is subject to any investment restrictions or guidelines that may from time to time be communicated in writing by the SMA account holder and accepted in writing by the Adviser.

The foregoing is only an attempt to summarize the strategies and securities/instruments utilized on behalf of the Adviser's Clients. As the market environment continues to change, the Adviser may engage in techniques and purchase instruments that are not even mentioned in a Client's offering materials and/or investment management agreement (as applicable) if the Adviser, in its discretion, finds the new activity or instrument appropriate for the Client. The Adviser may obtain advice from attorneys, accountants and other experts to assist in its analysis of various asset classes that it trades. Not all possible risks relating to the Adviser's activities as a collateral manager/managing member/general partner or all risks inherent to investing in the Clients are described below.

PAST PERFORMANCE RESULTS ARE NOT INDICATIVE OF FUTURE PERFORMANCE. NO ASSURANCE CAN BE MADE THAT PROFITS WILL BE ACHIEVED OR THAT SUBSTANTIAL LOSSES WILL NOT BE INCURRED.

The risks discussed below are those that Clients may be exposed to directly or indirectly. Certain risks apply specifically to particular investment strategies or investments in different types of securities or other investments that a Client (and its investors/beneficial owners) should be prepared to bear. The Adviser's risk management approach seeks to isolate and mitigate, not eliminate, risk and there may be certain risks that the Adviser determines should not or cannot be hedged against. Accordingly, the Adviser's activities could result in substantial losses under certain circumstances. The risks involved will vary based on each respective investment strategy and the type of securities or other investments held in a Client's account.

CERTAIN RISK FACTORS

The following risk factors and conflicts of interest do not purport to be a complete list or explanation of all the risks and conflicts of interest associated with the strategies pursued by the Adviser's Clients, the Adviser's method of analysis or types of investment instruments utilized; nor should it be inferred that each risk factor and conflict of interest appearing below will be faced by every Client. Clients are advised too read the relevant investment management agreement and/or offering document, as applicable, for a more complete description of applicable risks.

Dependence on the Adviser. There can be no assurance that a Client will achieve its investment objective. Although certain of the Adviser's investment professionals have participated in the management of other investment funds and accounts, the past performance of such other investment funds and accounts cannot be relied upon as an indicator of a Client's own success. Investors must rely upon the ability of the Adviser and the Adviser's investment professionals in identifying and implementing investments consistent with each Client's investment objective and policies. A Client's investment performance depends largely on the skill of key personnel of the Adviser. If key personnel were to leave the Adviser, the Adviser might not be able to find equally desirable replacements, and the performance of a Client could, as a result, be adversely affected.

Investment Risks. An investment in a Client involves a high degree of investment risk, including the risk that the entire amount invested may be lost. A Client will invest in securities using strategies and financial techniques with significant risk characteristics. No guarantee is made that the investment objectives will be realized. There is no guarantee that a Client will be able to control investment risks or that the risks will not aggregate in a manner adverse to a Client. The risks associated with particular investments include, but are not limited to, the risks outlined in the following paragraphs.

Financial Market Fluctuations. General fluctuations in the market prices of securities and economic conditions generally, particularly of the type experienced since 2008, may reduce the availability of attractive investment opportunities for a Client and may affect such Client's ability to make investments and the value of the investments held by such Client. Instability in the securities markets and economic conditions generally may also increase the risks inherent in a Client's investments. The public securities markets have seen increased volatility and the ability of companies to obtain financing for ongoing operations or expansions may be severely hampered by the tightening of the credit markets and the ongoing financial turmoil and uncertainty. The repercussions of this market turmoil are unclear. Moreover, it remains unknown whether governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) will have a positive or negative effect on market conditions. There can be no assurance that the market will, in the future, become more liquid than it is at present, and it may well continue to be volatile for the foreseeable future. The ability to realize investments in an effective manner depends not only on companies in the investment portfolio of a Client and their historical results and prospects, but also on political, market and economic conditions at the time of such realizations. The trading market, if any, for the securities of any company in the investment portfolio of a Client may not be sufficiently liquid to enable a Client to sell these securities when the Adviser believes it is most advantageous to do so, or without adversely affecting the stock price. Continued or renewed volatility in the financial sector may have an adverse material effect on the ability of a Client to buy, sell and partially dispose of a company in its investment portfolio. A Client may be adversely affected to the extent that it seeks to dispose of any of its portfolio investments into an illiquid or volatile market, and a Client may find itself unable to dispose of investments at prices that the Adviser believes reflect the fair value of such investments. The duration and ultimate effect of current market conditions and whether such conditions may worsen cannot be predicted. The ability of companies in the investment portfolio to refinance debt securities may depend on their ability to sell new securities in the public high yield debt market or otherwise.

Equity Risk. The market price of securities owned by a Client may go up or down, sometimes rapidly or unpredictably. Clients are subject to the risk that the equity securities in each of their portfolios will decline in value due to factors affecting equity securities markets generally or particular industries represented in those markets. The values of equity securities may decline due to general market conditions, which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. Such values may also decline due to factors that affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Other risks of investing globally in equity securities may include changes in currency exchange rates, exchange control regulations, expropriation of assets or nationalization, imposition of withholding taxes on dividend or interest payments and difficulty in obtaining and enforcing judgments against non-U.S. entities. In addition, securities which the Adviser believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the time frame the Adviser anticipates. As a result, a Client may lose all or substantially all of its investment in any particular instance.

Lack of Liquidity in Markets. The markets for some securities may be thinly traded from time to time. This lack of liquidity and market depth could disadvantage a Client, both in the realization of the quoted prices and in the execution of orders at desired prices or in desired quantities. Also, securities exchanges and the SEC have authority to suspend trading in a particular security without notice.

Concentration of Investments. Subject to applicable limitations in the offering document/investment management agreement, as applicable, the Adviser expects a Client's portfolio to be relatively concentrated. Any such lack of diversification would increase the risk of loss to a Client if there were a decline in the market value of any security or sector in which such Client had invested a large percentage of its assets. Investment in a "non-diversified" fund will generally entail greater risks than investments in a "diversified" fund.

Investment in Small Companies. There is generally no limitation on the size or operating experience of the companies in which a Client may invest. Some small companies in which a Client may invest may lack management depth or the ability to generate internally or obtain externally the funds necessary for growth. Companies with new products or services could sustain significant losses if projected markets do not materialize. Further, such companies may have, or may develop, only a regional market for products or services and may be adversely affected by purely local events. Such companies may be small actors in their industries and may face intense competition from larger companies and entail a greater risk than investment in larger companies.

Limitations on Ability to Exit Investments. While the PE Funds will invest in issuers that their general partner expects to undergo an initial public offering ("IPO") within 18 months of the PE Funds' investment, there can be no assurance that an IPO will occur within such time. If no IPO occurs, securities will remain illiquid with limited opportunities for sale and the general partner may determine that there is no suitable divestment opportunity within 18 months. Even if an issuer experiences an IPO, securities held by the PE Funds may be subject to lockup or other contractual or legal restrictions preventing their sale or disposition for an extended period of time following the IPO, including as a result of the general partner or its affiliate having material non-public information about an issuer. As a result, the PE Funds could hold the securities of an issuer for significantly longer than originally intended.

Investment in Illiquid Securities. A Client may invest in illiquid investments, which are securities that are not readily marketable, only thinly traded or which the Adviser otherwise determines to be illiquid or lacking a readily ascertainable market value. Illiquid investments may include privately placed securities that are not registered under the Securities Act and may have little or no trading market. In many cases the fair market value of such investments may be difficult to ascertain, and there is a risk of mistaken valuations. In addition, a Client may not be able to readily dispose of such investments, and, in some cases, may be contractually prohibited or otherwise restricted from disposing of such securities for a specified period of time. These limitations on liquidity of such investments could prevent a successful sale thereof, result in delay of any sale or reduce the amount of proceeds that might otherwise be realized.

Investment in Non-U.S. Securities. The Adviser may cause a Client to invest from time to time in non-U.S. securities. Such investments may be subject to a greater risk than U.S. investments due to non-U.S. economic, political and legal developments, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of taxes on dividends, interest payments, or capital gains, the need for approval by government or other authorities to make investments, and possible difficulty in obtaining and enforcing judgments against non-U.S. entities and other factors beyond the control of the Adviser. Furthermore, issuers of non-U.S. securities are subject to different, often less comprehensive accounting, reporting or disclosure requirements than U.S. issuers. The securities markets of some countries in which

a Client may invest have substantially less volume than those in the United States, and securities of certain companies in these countries are less liquid and more volatile than securities of comparable U.S. companies. Accordingly, these markets may be subject to greater influence by adverse events generally affecting the market, and by large investors trading significant blocks of securities, than is usual in the United States. Brokerage commissions and other transaction costs on securities exchanges in non-U.S. countries are generally higher than in the United States. Non-U.S. securities settlements may in some instances be subject to delays and related administrative uncertainties. In some countries, there are restrictions on investments or investors such that the only practicable way for a Client to invest in such markets is by entering into swaps or other derivative transactions with a prime broker or other intermediaries or counterparties. Such transactions involve counterparty risks that are not present in the case of direct investments and that the Adviser may not be able to control. Investments in companies with significant operations in emerging markets will be subject to all of the risks detailed above, as well as to various other risks that cannot currently be predicted with precision. Additionally, owing to the less developed political systems and markets often in place in emerging markets, the risks described above may be more pronounced with respect to a Client's investment in emerging markets than with respect to investments in other international markets. For example, any such investments may be subject to a greater risk of expropriation, confiscatory taxation, nationalization, or political, economic or social instability than present in more developed markets. In comparison to securities markets in more developed countries, securities markets in developing countries may be substantially less liquid, and may have greater volatility, greater fluctuations in the rate of exchange between currencies, and greater costs associated with currency conversions. Any of these factors could cause the Adviser not to pursue certain investments or to alter certain activities or liquidate certain investments prior to or after the time when the Adviser would otherwise prefer to liquidate such investments, and such factors may cause losses or have other negative impacts on a Client or its investments.

Cash and Other Investments. The Advisor may cause the Client to invest all or a portion of its assets in cash or cash items, in whole or in part, for investment purposes, pending other investments or as provision of margin for futures or forward contracts. These cash items are generally of high quality at the time of investment and may include a number of money market instruments such as negotiable or non-negotiable securities issued by or short-term deposits with the U.S. and non-U.S. governments and agencies or instrumentalities thereof, bankers' acceptances, high quality commercial paper, repurchase agreements, bank certificates of deposit and short-term debt securities of U.S. or non-U.S. issuers deemed to be creditworthy by the Adviser. While these investments generally involve relatively low risk levels, they may produce lower than expected returns and could result in losses.

Currency Exchange Risk. Non-U.S. investments may be denominated in, or linked to, currencies other than the U.S. dollar. Currency exchange rates can be volatile and affected by, among other factors, the general economics of a country, the actions of governments or central banks and the imposition of currency controls and speculation. A Client may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rate between such currencies and the U.S. dollar. A change in the value of a non- U.S. currency relative to the U.S. dollar will result in a corresponding change in the U.S. dollar value of the Client's assets denominated in that non-U.S. currency. The Adviser may enter into transactions (including currency swaps, forward currency exchange contracts, currency futures, and options on currencies and futures) to hedge against currency exchange risk, but the Adviser is not obligated to do so. Additionally, suitable hedging transactions may not be available in all circumstances, or such transactions may not be successful and may eliminate any chance for a Client to benefit from favorable fluctuations in relevant currencies.

Market Disruption and Geopolitical Risk. A Client is subject to the risk that war, terrorism, and related geopolitical events may lead to increased short-term market volatility and have adverse long-term effects

on the U.S. and world economies and markets generally, as well as adverse effects on issuers of securities and the value of a Client's investments. Those events, as well as other changes in U.S. and non-U.S. economic and political conditions, also could adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment and other factors affecting the value of a Client's investments. At such times, a Client's exposure to a number of other risks described elsewhere in this section can increase.

Portfolio Turnover. The Adviser expects there will be no limit on the rate of portfolio turnover for any Client, and portfolio investments held by a Client may be sold without regard to the length of time they have been held when, in the opinion of the Adviser, investment considerations warrant such action. This could result in frequent trading. A high rate of portfolio turnover involves correspondingly greater expenses, leads to greater brokerage and other transaction costs, may reduce a Client's investment gains, may create a loss for investors and may result in taxable costs for investors, depending on the tax provisions applicable to such investors.

Short Sales. The Adviser may strategically make short sales of investment securities on behalf of a Client to hedge certain risks or capitalize on market misunderstandings of fundamentals, such as flawed business models or poor company management. In a short sale, the seller sells a security that it does not own, typically a security borrowed from a broker or dealer. Because the seller remains liable to return the underlying security that it borrowed from the broker or dealer, the seller must purchase the security prior to the date on which delivery to the broker or dealer is required. As a result, the Adviser typically engages in short sales only where it believes the value of the security will decline, or will underperform relative to another security or group of securities in its portfolio, between the date of the sale and the date a Client is required to return the borrowed security, or for hedging purposes. Short selling exposes a Client to the risk of liability for the market value of the security that is sold, which in certain circumstances is an unlimited risk due to the lack of an upper limit on the price to which a security may rise. In addition, there can be no assurance that securities necessary to cover a short position will be available for purchase or that securities will be available to be borrowed at reasonable costs. If a request for return of borrowed securities occurs at a time when other short sellers of the security are receiving similar requests, a "short squeeze" can occur, and the Adviser may be compelled to replace borrowed securities previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received in originally selling the securities short. Any of these factors could make the Adviser unable to execute a particular investment strategy.

In the past, the SEC has adopted interim rules requiring reporting of all short positions above a certain de minimis threshold and may adopt rules requiring public disclosure in the future. In addition, other jurisdictions in which the Adviser may trade have adopted reporting rules for short sales and short positions. If a Client's short positions or its strategy become generally known, it could have a significant effect on the Adviser's ability to implement its investment strategies for such Client. In particular, it would make it more likely that other investors could cause a "short squeeze" in the securities held short by a Client forcing a Client to cover its positions at a loss. In addition, if other investors engaged in copycat behavior by taking positions in the same issuers as a Client, the cost of borrowing securities to sell short could increase drastically, and the availability of such securities to such Client could decrease drastically. Such events could make the Adviser unable to execute its investment strategy. The SEC has adopted restrictions on the short sales of securities that fall more than ten percent in a given day (referred to as the "circuit breaker" or "modified uptick" rule). Such events and these and other restrictions on the Adviser's ability to engage in short sales could make the Adviser unable to execute its investment strategy and cause losses to a Client.

The SEC and regulatory authorities in other jurisdictions may adopt (and in certain cases, have adopted) bans on short sales of certain securities in response to recent market events. Bans on short selling may make it impossible for the Adviser to execute certain investment strategies on behalf of a Client and may have a material adverse effect on its ability to achieve its investment objective and generate returns.

Leverage. The Adviser has the power to cause certain Clients to borrow and may do so when it deems it necessary or advisable to provide efficient portfolio management or, in unusual circumstances, to take advantage of investment opportunities. The Adviser also may cause certain Clients to borrow when the Adviser deems it appropriate to meet withdrawal requests, which would otherwise result in the premature liquidation of investments. Leverage increases returns if a Client earns a greater return on investments purchased with borrowed Funds than such Client's cost of borrowing. However, the use of leverage exposes a Client to additional risks, including (i) greater losses from investments than would otherwise have been the case had such Client not borrowed to make the investments; (ii) margin calls or interim margin requirements that may force premature liquidations of investment positions; and (iii) losses on investments where the investment fails to earn a return that equals or exceeds such Client's cost of borrowing. In the event of a sudden, precipitous drop in value of a Client's assets, such Client may not be able to liquidate assets quickly enough to repay its borrowings, further magnifying the losses incurred by such Client.

Derivatives and Counterparty Risks. The Adviser may utilize swaps and other derivative transactions to some degree where it believes it will further the objectives of a Client. Notional amounts of swap transactions are not subject to any limitations, and swap contracts may expose a Client to unlimited risk of loss. Swaps may be used as an alternative to futures contracts. To the extent a Client invests in repos, swaps, forwards, futures, options and other "synthetic" or derivative instruments, counterparty exposures can develop, and such Client bears the risk of nonperformance by the other party to the contract. This risk may differ materially from those entailed in exchange-traded transactions which generally are supported by guarantees of clearing organizations, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. In the international securities markets, the existence of less mature settlement structures and systems can result in settlement default and exposure to counterparty credits. In addition, the U.S. government has enacted legislation that includes provisions for new regulation of the derivatives market, including new clearing, margin, reporting and registration requirements. Because the legislation leaves much to rule making (and many of the rules are not yet final), its ultimate impact remains unclear. In addition, the regulatory changes could, among other things, restrict the Adviser's ability to engage in derivatives transactions and/or increase the costs of such derivatives transactions (including through increased margin requirements), and a Client may be unable to execute its investment strategy as a result. Additionally, the new requirements may result in increased uncertainty about counterparty credit risk. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action. A Client may only close out a swap or contract for differences with the consent of the particular counterparty, may only transfer a position with the consent of the particular counterparty, and following transfer of a position, may only close out the transaction with the new counterparty. Also, if the counterparty defaults, a Client will have contractual remedies pursuant to the agreement related to the transaction, but there is no assurance that contract counterparties will be able to meet their obligations pursuant to such contracts or that, in the event of default, the Client will succeed in enforcing its contractual remedies. There also may be documentation risk, including the risk that the parties may disagree as to the proper interpretation of the terms of a contract. If such a dispute occurs, the cost and unpredictability of the legal proceedings required to enforce its contractual rights may lead a Client to decide not to pursue its claims against the counterparty. Such Client thus assumes the risk that it may be unable to obtain payments owed to it under

swap contracts, over-the-counter options and other two-party contracts, or that those payments may be delayed or made only after a Client has incurred the costs of litigation.

Counterparty risk may be further complicated by recently enacted U.S. financial reform legislation which includes provisions for new clearing, margin and reporting requirements for derivatives transactions and new restrictions on the types of derivatives transactions that can be entered into by certain financial companies. The ultimate impact of these regulatory changes remains unclear because much is left to rule making by the CFTC and the SEC; however, these new requirements could mean that a Client will face less creditworthy counterparties on certain derivatives transactions. Also, the new legislation may limit the flexibility of a Client to protect its interests in the event of insolvency of a derivatives counterparty, because of powers granted to clearinghouses and to the Federal Deposit Insurance Corporation to limit or delay close-out of derivatives positions of insolvent clearing members or financial companies and to transfer such positions to other entities.

Certain derivatives transactions that may be used by a Client, including certain interest rate swaps and credit default index swaps, are required to be cleared. In a cleared derivatives transaction, a Client's counterparty to the transaction is a central derivatives clearing organization, or clearing house, rather than a bank or broker. Because the Clients are not members of a clearing house, and only members of a clearing house can participate directly in the clearing house, the Clients will hold cleared derivatives transactions through accounts at clearing members, who are futures commission merchants who are members of the clearing houses. A Client will make and receive payments owed under cleared derivatives transactions (including margin payments) through its accounts at clearing members. A Client's clearing members guarantee a Client's performance of its obligations to the clearing house. In contrast to bilateral derivatives transactions, following a period of advance notice to a Client, clearing members can generally require termination of existing cleared derivatives transactions at any time and increase the amount of margin required to be provided by a Client to the clearing member for any cleared derivatives transaction above the amount of margin that was required at the beginning of the transaction. Any such termination or increase could interfere with the ability of a Client to pursue its investment strategy. Also, a Client is subject to execution risk if it enters into a derivatives transaction that is required to be cleared (or which the Adviser expects to be cleared), and no clearing member is willing to clear the transaction on a Client's behalf. In that case, the transaction might have to be terminated, and a Client could lose some or all of the benefit of any increase in the value of the transaction after the time of the trade.

Fixed-Income Securities. The Adviser may cause a Client to invest in bonds or other fixed-income securities, including, without limitation, commercial paper and "higher yielding" (and, therefore, higher risk) debt securities. Such securities may be below "investment grade" and may face ongoing uncertainties and exposure to adverse business, financial or economic conditions that could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower-rated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities, which react primarily to fluctuations in the general level of interest rates; lower-rated debt securities also tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue lower-rated debt securities often are highly leveraged and may not have access to more traditional methods of financing. Trading in such securities may be limited or disrupted by an economic recession, resulting in an adverse impact on the value of such securities. In addition, it is likely that any such economic downturn could affect adversely the ability of the issuers of such securities to repay principal and pay interest thereon and, therefore, increase the incidence of default for such securities.

Valuations; Use of Estimates. Certain securities in which a Client invests may not have a readily ascertainable market price. Such securities will nevertheless generally be valued by the Adviser, which

valuation will be conclusive with respect to the Client, even though the Adviser may face a conflict of interest in valuing such securities because the value thereof will affect their compensation. The Adviser may also have no ability to assess the accuracy of valuations received from an underlying private investment fund in which it invests. Valuation information received from the investment advisor of a private investment fund typically will be estimates only, subject to revision of its annual audit. In addition, the Adviser will have the ability to adjust estimated values provided to it by underlying investment advisers subject to the valuation guidelines set forth in the Client's investment management agreement and/or offering documents, as applicable.

Fundamental Analysis. Certain strategies pursued by the Adviser may require the use of fundamental analysis. Fundamental analysis is premised on the assumption that markets are not perfectly efficient, that informational advantages and mis-pricings do occur and that econometric analysis can identify trading opportunities. Fundamental factors include inflation, trade balances, inventories and interest rates, all factors extrinsic to the market. Fundamental analysis may incur substantial losses if such economic factors are not correctly analyzed, not all relevant factors are identified and/or market forces cause mis-pricings to continue despite the traders having correctly identified such mis-pricings. Fundamental analysis may also be more subject to human error and emotional factors than technical analysis.

Technical Analysis. Certain of the Adviser's strategies may make use of mathematical analysis of technical data such as price, volume, and momentum. These strategies do not generally take into account fundamental factors except insofar as such factors may influence the technical data constituting input information for the strategy. Accordingly, technical systems may be unable to respond to markets reacting to fundamental causative events until after the impact of these events has ceased. Consequently, technical trading strategies can incur major losses when factors exogenous to the markets themselves — political events, natural catastrophes, acts of war or terrorism, etc. — dominate the markets. For example, even though a pending political or economic event may appear very likely to cause a major price movement, a number of underlying investment advisors would not adjust their trading positions until their programs indicated, as a result of market price movements, that they should do so.

Limited Recourse Obligations. The notes offered by the SAFs are limited recourse obligations of the issuer and are payable solely from amounts received in respect of the portfolio collateral and the other collateral securing the notes. If such distributions are insufficient to make payments on the notes, no other assets will be available for payment of the deficiency and, following enforcement and realization of the security over the collateral and the application of the proceeds thereof in accordance with the priorities of payment, the obligations of the issuer to pay such deficiency shall be extinguished and shall not thereafter revive. The notes offered by the SAFs have not been registered under the Securities Act, under any U.S. state securities or "Blue Sky" laws or under the securities laws of any other jurisdiction and are being issued and sold in reliance upon exemptions from registration provided by such laws. The notes may not be sold or transferred unless (i) such sale or transfer is exempt from the registration requirements of the Securities Act (for example, in reliance on exemptions provided by Regulation S or Rule 144A of the Securities Act) and applicable state securities laws and (ii) such sale or transfer does not cause the Issuer to become subject to the registration requirements of the Company Act. Furthermore, the notes are subject to certain transfer restrictions and can be transferred only to certain transferees. Such restrictions on the transfer of the notes may further limit their liquidity.

Limited Liquidity of the Notes and Restrictions on Transfer. Currently no market exists for the notes offered by the SAFs. Consequently, a purchaser must be prepared to hold such notes for an indefinite period of time and potentially until their stated maturity. In addition, the notes are subject to certain transfer restrictions which may further limit their liquidity.

Nature of Collateral; Ability to Obtain Additional Portfolio Collateral; Availability of Funds for Subordinate Payments. The portfolio collateral of the SAFs may consist primarily of asset backed securities and synthetic securities (the reference obligations of which are asset backed securities), which are subject to credit, liquidity and interest rate risk. To the extent that a default occurs with respect to any portfolio asset, and the Adviser on behalf of the SAF's issuer sells or otherwise disposes of such portfolio asset, it is not likely that the proceeds of such sale or disposition will be equal to the amount of principal and interest owing to the SAF's issuer in respect of such portfolio asset. Asset backed securities are securities that entitle the holders thereof to receive payments that depend primarily on the cash flow from a specified pool of financial assets, either fixed or revolving, that by their terms convert into cash within a finite time period, together with rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of the asset backed securities. A portion of a SAF's portfolio collateral may also consist of synthetic securities, the reference obligations of which are asset backed securities. Investments in such types of assets through the purchase of synthetic securities present risks in addition to those resulting from direct purchases of such portfolio collateral. The market value of an SAF's portfolio collateral generally will fluctuate with, among other things, the financial condition of the obligors or issuers of the portfolio collateral and the underlying assets or with respect to synthetic securities, of the obligors or issuers of the reference obligations, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates.

In accordance with the priorities of payment referred in each SAF's respective offering documents, subject to the satisfaction of the coverage tests performed, certain collections on the portfolio collateral will be used to pay certain amounts due with respect to the notes and to make certain subordinate payments, including payment of certain fees to the collateral manager and payment of certain administrative expenses of the SAF's issuer. To the extent that any such distributions are made rather than retained as additional collateral for the notes, the amounts so distributed will not be available to support payments of principal and interest subsequently payable in respect of the notes.

Default and Recovery Rates on Portfolio Collateral. There do not exist reliable sources of statistical information with respect to the default and recovery rates for the type of securities represented by the SAF's portfolio collateral. The historical performance of a market is not necessarily indicative of its future performance. Should increases in default rates or decreases in recovery rates occur with respect to the type of assets underlying an SAF's portfolio collateral, the actual default or recovery rates of the portfolio collateral may exceed (and may significantly exceed) or may be significantly less than, the hypothetical default rates and recovery rates.

Sale of SAF Portfolio Assets by the Adviser. Some portfolio assets purchased by an SAF's issuer may have no, or only a limited, trading market. The issuer's investment in illiquid portfolio assets may restrict its ability to dispose of investments in a timely fashion and for a fair price as well as its ability to take advantage of market opportunities, although the Adviser on behalf of an SAF's issuer is permitted by the Collateral Management Agreement to sell portfolio assets only under certain circumstances. Illiquid portfolio assets may trade at a discount from comparable, more liquid investments. In addition, an SAF's issuer may invest in privately placed portfolio assets that may or may not be freely transferable under the laws of the applicable jurisdiction or due to contractual restrictions on resale. As indicated above, the Adviser on behalf of an SAF's issuer generally may only dispose of a portfolio asset that meets the requirements set forth in an SAF's offering documentation. Notwithstanding such potential restrictions and satisfaction of the conditions set forth in the Collateral Management Agreement, sales and purchases by the Adviser of an SAF's portfolio assets could result in losses which may result in the reduction or withdrawal of the rating of any or all of a SAF's notes by any of the rating agencies. On the other hand, circumstances may exist under which the Adviser may believe that it is in the best interests of an SAF's

issuer to dispose of portfolio assets, but the issuer will not be permitted to do so under the restrictions and conditions in the Collateral Management Agreement.

Sale of SAF Portfolio Collateral Upon Default of the Notes. The market value of an SAF's portfolio collateral may fluctuate with, among other things, general economic conditions, world political events, developments or trends in a particular industry related to the underlying obligations, the conditions of the financial markets and the financial condition of the issuers, credit enhancers or underlying obligors with respect to the portfolio collateral. Therefore, if an event of default occurs pursuant to the terms set forth in an SAF's offering materials with respect to the notes, there can be no assurance that the proceeds of any sale of the portfolio collateral and other collateral securing the notes will be sufficient to pay in full the principal and interest on the notes and amounts payable to the trustee and other parties.

Insolvency Considerations with Respect to SAF Issuers of Portfolio Collateral. An SAF's portfolio collateral may be subject to various laws enacted for the protection of creditors in the jurisdictions of incorporation of issuers of the portfolio collateral and, if different, the jurisdictions from which the issuers conduct their business and in which they hold their assets. These insolvency considerations will differ depending on the country in which each issuer or its assets is located.

Interest Rate Risk for SAFs. The notes issued by an SAF will bear interest at a floating rate based as prescribed in the SAF's offering documents. As a result, the total amount of interest received on the portfolio collateral may not correspond exactly to the amounts of interest payable on the notes outstanding. An SAF's issuer may enter into one or more interest rate hedge transactions to address the impact of its exposure to such interest rate mismatches. However, despite having the protection of such interest rate hedge transactions, there can be no assurance that the portfolio collateral will in all circumstances generate sufficient funds to make timely payments on the notes.

Credit Risk. Investment in the notes of any class issued by an SAF involves a degree of risk arising from fluctuations in the amount and timing of receipt of the principal and interest payments on the portfolio collateral by or on behalf of an SAF's issuer and the amounts of the claims of creditors of the issuer ranking in priority to the holders of each class of the notes. In particular, prospective purchasers of such notes should be aware that the amount and timing of payment of the principal and interest on the portfolio collateral will depend upon the detailed terms of the documentation relating to each portfolio asset and on whether or not any obligor thereunder defaults in its obligations.

Conflicts of Interest

The Adviser and its affiliates expect to advise multiple Clients whose accounts may purchase or sell the same securities. The Adviser and its affiliates are not under any obligation to share any investment opportunity, idea or strategy with any particular Client. As a result, other Clients of the Adviser or its affiliates may compete with one another for appropriate investment opportunities. The Adviser may make recommendations to and take actions on behalf of certain Clients, which may be the same as or different from those made or taken on behalf of another Client. The Adviser may from time to time acquire positions in or transact in securities and other investments on behalf of a Client which may differ from or be inconsistent with the advice given, or the timing or nature of the Adviser's action or actions with respect to another Client. The Adviser's investment allocations are designed to provide a fair allocation of purchases and sales of securities among the various Clients managed by the Adviser, while preserving incentives for the Adviser to find new investment opportunities, and to ensure compliance with appropriate regulatory requirements.

The Adviser and its affiliates have the ability to trade in financial instruments for their own accounts and may act as an investment adviser to the SMA of a related person or an employee owned private fund. This may on occasion create conflicts of interest with regard to such matters as allocation of opportunities to participate in particular investments or to dispose of certain investments. In addition, if as a result of the aggregation requirements set forth under the law, applicable position limits were exceeded, the Adviser, or its respective affiliates could have a conflict of interest in determining which positions to liquidate.

By reason of the investment advisory and other activities of its affiliates, the Adviser may acquire confidential information or otherwise be restricted from initiating transactions in certain securities. It is acknowledged and agreed that, except as required by the applicable law, the Adviser may not be free to divulge, or to act upon, any such confidential information and that, due to such a restriction, the Adviser may not initiate certain transactions the Adviser otherwise might have initiated. It is further acknowledged and agreed that the Adviser shall, for itself and on behalf of its Clients, disclose such information to governmental and regulatory authorities as may be required by law.

From time to time, the Adviser may permit certain PE Fund investors to acquire interests on different terms than other investors (including, without limitation, with respect to minimum investment amounts, fees, expanded reporting and withdrawal terms). The Adviser is not required to notify any or all of the other investors of any such terms, nor is the PE Fund or the Adviser required to offer such additional and/or different rights and/or terms to any or all of the other investors.

Please refer to the relevant Client offering documents and/or investment management agreement, as applicable for a more detailed discussion of risk factors and conflicts of interest.

Item 9. Disciplinary Information

There are no legal or disciplinary events that are material to a Client's or prospective Client's evaluation of the Adviser's advisory business or the integrity of the Adviser's collateral management activities.

Item 10. Other Financial Industry Activities and Affiliations

Through Cowen Group, Inc.'s ownership interest, the Adviser is affiliated with the following U.S. registered broker-dealers: Cowen and Company, LLC and ATM Execution LLC as well as the dual-registered U.S. broker-dealer and investment adviser, Cowen Prime Services LLC. The Adviser is also affiliated with Cowen International Limited, a UK FCA registered broker-dealer and Ramius UK Limited, which is currently not active but is registered with the UK FCA with respect to certain investment advisory activities. The above referenced entities are all (directly or indirectly) wholly owned subsidiaries of Cowen Group, Inc., a publicly traded company (NASDAQ: COWN).

The Adviser generally operates separately from its broker-dealer affiliates and does not direct any Client business to its broker-dealer affiliates (however, the Adviser is permitted to direct business to its affiliated broker-dealers for affiliate-owned accounts it advises). To the extent that any conflict may arise with respect to its affiliated broker-dealers, the potential conflict is addressed by Cowen Group, Inc.'s Conflicts Committee which is headed by Cowen Group, Inc.'s General Counsel. At this time, the Adviser does not believe there is any material conflict related to this relationship.

The Adviser is also affiliated with the following investment advisors which also manage private funds, registered funds, mutual funds, and separately managed accounts (including both fiduciary and proprietary managed accounts): Ramius LLC, Ramius Advisors, LLC, Ramius Alternative Solutions

LLC, Ramius Trading Strategies LLC, Starboard Value LP, Healthcare Royalty Management, LLC, HCRP MGS Account Management, LLC, Quadratic Capital Management LLC, Caerus Investors, LLC, RCG Longview Equity Management, LLC, RCG Longview Management, LLC, RCG Longview Debt Fund IV Management, LLC and RCG Longview Partners II, LLC. All of the affiliated investment advisors are registered with the U.S. Securities and Exchange Commission. Ramius Alternative Solutions LLC, Ramius Advisors LLC, Ramius Trading Strategies LLC and Quadratic Capital Management LLC are also CPOs and members of the NFA. Additionally, the Adviser is affiliated with Ramius Trading Strategies GP LLC, a CPO and NFA member.

At this time, the Adviser does not believe there are any material conflicts related to these affiliations. For a complete description of these advisors and the Clients they advise and manage, please refer to their Form ADV Part 1's.

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

The Adviser has adopted a Code of Ethics that is applicable to all of its access persons, supervised persons and virtually all of its employees (for purposes of this section of the brochure, references to "employees" include access persons and supervised persons). The Code of Ethics reflects the Adviser's belief in the absolute necessity to conduct all business, make all decisions and carry on all personal activities at the highest ethical and professional levels.

All persons that are covered by the Code of Ethics must avoid activities, interests and relationships that may interfere or appear to interfere with making decisions in the best interests of Clients. More specifically, the Code of Ethics seeks to place the interests of Clients over the interests of any employee; imposes standards of business conduct for all of the Adviser's employees; requires employees to comply with the federal securities laws; regulates employee personal securities transactions, including requiring all covered persons to obtain pre-approval before investing in hedge fund or private placement investments; and requires reporting and review of personal securities transactions.

The Adviser will provide a copy of the Code of Ethics to any Client or prospective Client (including Private Fund investors) upon request.

The Adviser may cause the Clients to purchase securities and other instruments that are also being purchased by the Adviser, the Adviser's affiliates or their respective employees for their own accounts. The Adviser in all cases purchases securities and other instruments for the Clients on terms at least as favorable as the terms on which the same securities or instruments are purchased for the account of the Adviser, proprietary accounts of its members or the personal accounts of the Adviser's employees to the extent that such securities or instruments are purchased at approximately the same time and in the same direction as the Client. If this procedure results in the employees of the Adviser or the proprietary accounts of its members acquiring securities or other instruments on more favorable terms than the Clients, such employees or members will reimburse the Clients, respectively, so that such inequity is corrected. The Adviser reserves the right, in its sole discretion, to not require such reimbursement if it determines the benefit to the Client would be outweighed by the administrative costs associated with processing the reimbursement.

When it is determined that it would be appropriate for one or more Clients to participate in an investment opportunity, the Adviser will seek to execute orders for all of the participating investment accounts on an equitable basis, taking into account such factors as the investment objectives of the participating investment accounts, the availability of leverage, the relative amounts of capital available for new

investments, relative exposure to market trends, transaction costs, the portfolio positions of the participating investment accounts, the eligibility of the particular Client, and the other investment accounts under applicable law to make the investment in question and the manner in which the investment is likely to affect the amount of available capital after the investment is made.

Notwithstanding the foregoing, the Adviser is not obligated to allocate to a Client all potential transactions for which it might be eligible pursuant to its investment guidelines and procedures. Depending on the circumstances, the Adviser may allocate certain transactions on a disproportionate basis among its Clients and/or may allocate all of certain other transactions to other Clients, including funds in which one or more of the principals or employees of the Adviser or its affiliates may have an interest. In addition, varying compensation arrangements among the Clients could incentivize the Adviser to allocate investment opportunities to certain Clients over others, or to otherwise manage the Clients differently.

Item 12. Brokerage Practices

The Adviser is responsible for, among other things, the placement of any securities transactions entered into on behalf of a Client, and for the negotiation of any commissions paid on such transactions. Such securities may be purchased over the counter, through brokers on securities exchanges or directly from the issuer or from an underwriter or market maker for the securities. Purchases of portfolio securities through brokers involve a commission to the broker, and purchases from dealers serving as market makers include the spread between the bid and the ask price. The Adviser seeks to obtain the best execution for the Client, taking into account such factors as price (including the applicable dealer spread or commission, if any), size of order, difficulty of execution, operational facilities of the firm involved and the firm's risk in positioning a block of securities.

The Adviser may execute a portion of the securities trades entered into by a Client through one or more customer brokerage accounts maintained by the Client with certain clearing brokers (the "Clearing Brokers") pursuant to the terms of one or more clearing agreements with the Adviser under which the Adviser allocates to the Clearing Brokers a portion of the brokerage commissions it charges the Client. Floor brokers selected by the Adviser that execute transactions in listed securities receive a portion of the brokerage commissions that the floor brokers charge the Client at rates negotiated by the Adviser and each floor broker.

The Adviser generally does not enter into directed brokerage arrangements but may do so for certain SMAs for which it does not have custody with respect to its advisory activities. Any directed brokerage arrangements must be approved by the Adviser.

Brokers and dealers are selected by the Adviser on the basis of a variety of factors, including, without limitation, some or all of the following: net price; settlement capabilities and error resolution; electronic reconciliation capability; special execution capabilities; ability to execute large orders, to commit capital, and to minimize trading costs associated with implementing investment decisions; commission rates; reputation, including regulatory issues; financial strength and stability; efficiency of execution of small lots; offering on line access to computerized data regarding open orders; the ability or inability of electronic trading networks to handle trades instead of other broker-dealers; value of research; and other matters involved in the receipt of brokerage services generally. Research services furnished by brokers may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services, as well as discussion with research personnel. The Adviser may, in the future, pay higher prices for the purchase of securities from, or accept lower prices for the sale of securities to, brokerage firms that provide it with

such investment and research information or to pay higher commissions to such firms if the Adviser determines such prices or commissions are reasonable in relation to the overall services provided. Any research services provided by broker-dealers used by the Client may be utilized by the Adviser or its affiliates in connection with their respective investment services for other accounts and, likewise, any research services provided by broker-dealers used for transactions of other accounts may be utilized by the Adviser in performing its services for the Client.

The Adviser does not currently make use of “soft dollars” and does not currently have any “soft dollar” accounts with any of its brokerage relationships; however, in the event an account was opened, any use of “soft dollars” would fall within the safe harbor created by Section 28(e) of the Exchange Act. Under Section 28(e), research obtained with soft dollars generated by the Client may be used by the Adviser to service accounts other than the Client.

The Client’s securities transactions may generate a substantial amount of brokerage commissions and other compensation, all of which the Client, not the Adviser, will be obligated to pay. The Adviser has complete discretion in deciding what brokers and dealers the Client will use and in negotiating the rates of compensation the Client will pay. In addition to using brokers as “agents” and paying commissions, the Adviser, on behalf of a Client, may buy or sell securities directly from or to dealers acting as principals at prices that include markups or markdowns, and may buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers.

Brokers sometimes suggest a level of business they would like to receive in return for the various services they provide. Actual brokerage business received by any broker may be less than the suggested allocations, but can (and often does) exceed the suggestions, because total brokerage is allocated on the basis of all of the considerations described above. A broker is not excluded from receiving business because it has not been identified as providing research services. The investment information received from the Client’s brokers may be used by the Adviser in servicing all of its accounts, and not all such information need be used by the Adviser in connection with the Client. Nonetheless, the Adviser believes that such investment information provides the Client with benefits by supplementing the research otherwise available to the Client.

The Adviser may aggregate or “block” purchase and sale orders of securities to seek the efficiencies that may be available in larger transactions when it determines that aggregation is consistent with its duty to seek best execution for its Clients, although it has no obligation to do so.

Item 13. Review of Accounts

The Adviser is responsible for making investment decisions in compliance with Client investment guidelines. The Adviser holds informal meetings as needed to discuss investment ideas, economic developments, current events, investment strategies, issues related to a Client’s portfolio holdings, etc. The Adviser will evaluate on a regular basis (no less than quarterly) whether the investments made for its Clients is consistent with each Client’s investment objectives and restrictions and if necessary, will monitor for any trading irregularities and/or unusual positions.

The Adviser (or the affiliated general partner, as applicable) anticipates sending PE Fund investors a statement no less than quarterly documenting the performance of the Client’s portfolio and their capital account balance. The Adviser may provide certain PE Fund investors with information on a more frequent and detailed basis if agreed to by the Adviser. In addition, when required by law or otherwise agreed to by contract, the Adviser will issue Client audited financial statements within the legally required time period following the end of such Client’s fiscal year. The Adviser will also provide its Client’s

investors tax reports (if applicable); however, no assurances can be made as to when investor tax information will be provided. As a result, Client's investors may be required to obtain extensions of the filing date for their income tax returns at the U.S. federal, state, and local level.

Due to its role as collateral manager with respect to the SAFs, the Advisor is not obligated to provide any type of regular reporting to SAF investors. Monthly reporting is issued by the SAF's Trustee, Wells Fargo. The Adviser has assumed no responsibility other than to render the services called for under its agreement with the SAFs and will exercise the degree of skill and care consistent with industry standards for the management of a portfolio of investments similar to the investments described in the SAFs' offering materials.

With respect to the SMAs, the account holders receive monthly account statements directly from the qualified custodian for the SMAs.

Item 14. Client Referrals and Other Compensation

The Adviser does not receive economic benefits from non-Clients for providing investment advice and other advisory services. Neither the Adviser nor any related person directly or indirectly compensates any person who is not a supervised person, including placement agents, for Client referrals.

Item 15. Custody

The Adviser is deemed to have custody of Client funds and securities because it has the authority to obtain Client funds or securities, for example, by deducting advisory fees from a Client's account or otherwise withdrawing funds from a Client's account. Actual custody of Client funds and securities; however, is at a broker-dealer, bank or trust company, not at the Adviser.

The Adviser is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). However, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to each PE Fund because it complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception", which, among other things, requires that each PE Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and will require each PE Fund to distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

The Adviser is not deemed to have custody of Client funds and securities for the SMAs it advises because it does not have the authority to obtain Client funds or securities, for example, by deducting Management Fees from an SMA directly or otherwise withdraw funds from an SMA directly. With respect to the SMAs, the accounts are opened by the beneficial owner at a third-party broker dealer which only permits the Adviser to trade the securities and assets of the SMA in accordance with the requirements set forth in the IMA. Actual custody of SMA assets are with a broker-dealer, bank or trust company, not at the Adviser. Account statements related to SMAs are sent by their respective qualified custodians to the SMA account holders and not by the Adviser.

Given its limited role as the collateral manager for the SAFs, the Adviser is not charged with the responsibility of maintaining investor details for the SAFs and does not have the ability to obtain Client funds or securities outside of its role as collateral manager. Documentation is provided to the SAF's investors by the SAF's trustee, Wells Fargo. Due to its lack of custody over the SAFs and SMAs it manages, the Adviser is not subject to the Custody Rule for the SAFs or SMAs it currently advises.

Item 16. Investment Discretion

The Adviser, in its capacity as an investment adviser, general partner or collateral manager, has discretionary trading authority with respect to its Clients. The Adviser's investment decisions and advice with respect to each Client are subject to each Client's investment objectives and guidelines, as set forth in its offering documents and/or investment management agreement, as applicable. The Adviser does not currently advise any non-discretionary Clients.

Item 17. Voting Client Securities

In compliance with Advisers Act Rule 206(4)-6, the Adviser has adopted proxy voting policies and procedures. All decisions about how to vote a proxy will be made in accordance with the Adviser's proxy voting policies and procedures, which are designed to take into account the best interests of the Client, as determined by the Adviser in its discretion. The Adviser may take into account all relevant factors when making such determination.

Item 18. Financial Information

The Adviser is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonable likely to impair its ability to meet contractual commitments to Clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.