

**ITEM 1
COVER PAGE**

PART 2A OF FORM ADV: FIRM BROCHURE

TELEOS MANAGEMENT, L.L.C.

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Teleos Management, L.L.C.
263 Tresser Boulevard
Stamford, CT 06901
Tel: 203-975-9750
Fax: 203-975-7415
Website: www.teleos.com

This brochure (this "Brochure") provides information about the qualifications and business practices of Teleos Management, L.L.C (the "Investment Adviser"). If you have any questions about the contents of this Brochure, please contact us at 203-975-9750 or Teleos@teleos.com. 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.

The Investment Adviser is registered as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about the Investment Adviser also is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2

MATERIAL CHANGES

The Investment Adviser is required to identify and discuss any material changes made to its Brochure since the last annual update. This Brochure is the Investment Adviser's first Form ADV Part 2A submitted to the SEC pursuant to amendments made to certain rules promulgated under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and the form formerly known as Form ADV Part II. The Investment Adviser previously provided to its clients a Form ADV Part II, dated January 15, 2010 (the "Old Part II"), which was used as a basis for certain disclosure provided in this Brochure. Differences between the Old Part II and this Brochure are generally attributable to the new disclosure rules and the new form, and not to any material changes in the qualifications or business practices of the Investment Adviser. Accordingly, there are no material changes to report. If the Investment Adviser makes any material changes to this Brochure, this section will be revised to include a summary of such changes.

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ITEM 4

ADVISORY BUSINESS

A. General Description of Advisory Firm.

Teleos Management, L.L.C. provides investment management services to private pooled investment vehicles. The Investment Adviser was formed in 1995, and together with a predecessor company has been in business since 1991. The principal owner of the Investment Adviser is Daniel Gressel.

B. Description of Advisory Services.

1. Advisory Services.

The Investment Adviser serves as the investment adviser with discretionary trading authority to investment partnerships that are organized under the laws of the United States (collectively, the "U.S. Funds"). Teleos GP, L.L.C., a limited liability company affiliated with the Investment Adviser, serves as the general partner ("GP") of the U.S. Funds. The interests in the U.S. Funds are offered on a private placement basis, pursuant to Section 3(c)(7) of the Investment Company Act of 1940, as amended (the "Company Act"), to persons who generally are "accredited investors" as defined under the Securities Act of 1933, as amended (the "Securities Act") and "qualified purchasers" as defined under the Company Act, and are subject to certain other conditions, which are set forth in the offering documents for the U.S. Funds.

The Investment Adviser also serves as the investment adviser with discretionary trading authority to investment funds organized under the laws of the Cayman Islands (the "Offshore Funds" and together with the U.S. Funds, each, a "Fund" and collectively, the "Funds"). Shares in the Offshore Funds are offered on a private placement basis to persons who are not "U.S. Persons," as defined under Regulation S of the Securities Act, and U.S. tax-exempt entities (or investors substantially comprised of U.S. tax-exempt entities), and are subject to certain other conditions, which are fully set forth in the offering documents for the Offshore Funds. U.S. tax-exempt entities (or investors substantially comprised of U.S. tax-exempt entities) must generally be "accredited investors" as defined under the Securities Act and "qualified purchasers" as defined under the Company Act.

Certain of the Funds may utilize a master-feeder structure, whereby a U.S. Fund and an Offshore Fund invest through an offshore entity (the "Master Fund") which elects taxation as a partnership for U.S. tax purposes. In such a structure, the portfolio of securities is held at the Master Fund level.

In addition, the Investment Adviser serves as the investment adviser with discretionary trading authority and also provides discretionary advisory services to separately managed accounts (the "Managed Accounts").

As used herein, the term "client" generally refers to each Fund and each beneficial owner of a Managed Account.

This Brochure generally includes information about the Investment 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 securities of the Funds are offered and sold on a private placement basis under exemptions promulgated under the Securities Act and other exemptions of similar import under U.S. state laws and the laws of other jurisdictions where any offering may be made. Persons reviewing this Brochure should not construe this as an offer to sell or solicitation of an offer to buy the securities of any of the Funds described herein. Any such offer or solicitation will be made only by means of a confidential private placement memorandum.

2. Investment Strategies and Types of Investments.

The Investment Adviser is an investment advisory firm specializing in multi-strategy, global macro portfolio management. In particular, the Investment Adviser advises clients employing discretionary global macro, systematic and quantitative macro, and trend-following/managed futures strategies.

Discretionary global macro strategy. The Investment Adviser uses a discretionary, top-down, macro-economic approach to identify and capitalize on market mispricings and trends around the world, and seeks to identify attractive investment opportunities through fundamental, macro-economic and geo-political analysis of world markets and economics.

Systematic and quantitative macro strategy. The Investment Adviser uses several quantitative trading strategies which the Investment Adviser believes adds attractive risk-reward attributes. The Investment Adviser monitors these programs and researches additional strategies.

Trend-follow/managed futures strategy. The Investment Adviser uses a trend-following strategy which seeks to profit from market trends in a variety of global instruments across multiple asset classes.

The descriptions set forth in this Brochure of specific advisory services that the Investment Adviser offers to clients, and investment strategies pursued and investments made by the Investment Adviser on behalf of its clients, should not be understood to limit in any way the Investment Adviser's investment activities. The Investment Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that the Investment Adviser considers appropriate, subject to each client's investment objectives and guidelines. The investment strategies the Investment 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.

C. Availability of Customized Services for Individual Clients.

The Investment Adviser's investment decisions and advice with respect to each Fund are subject to each Fund's investment objectives and guidelines, as set forth in its offering documents. Similarly, the Investment Adviser's investment decisions and advice with respect to each Managed Account are subject to each client's investment objectives and

guidelines, as set forth in the client's investment management agreement, as well as any written instructions provided by the client to the Investment Adviser.

D. Assets Under Management.

As of March 1, 2011, the Investment Adviser advises approximately \$200,800,000 on a discretionary basis, and \$0 on a non-discretionary basis.

ITEM 5

FEES AND COMPENSATION

A. Advisory Fees and Compensation.

The fees applicable to each Fund are set forth in detail in each Fund's offering documents. The fees applicable to each Managed Account are set forth in detail in each Managed Account's investment management agreement. A brief summary of such fees is provided below.

1. U.S. Funds

With respect to the U.S. Funds, the Investment Adviser generally is paid a management fee as follows: a monthly management fee equal to 1/6 of 1% (2.0% annualized) of each limited partner's capital account, determined as of the end of each month, is payable by the U.S. Funds to the Investment Adviser. The Investment Adviser may, in its discretion, elect to reduce, waive or calculate differently the management fee with respect to any limited partner, including limited partners that are principals, employees or affiliates of the GP or the Investment Adviser or any family member of such person.

Generally, at the end of each fiscal quarter or fiscal year of the U.S. Funds (as applicable to such specific fund and set forth in the relevant offering memorandum), 20% of the net capital appreciation allocated to the capital account of each limited partner for such fiscal period (after reducing net capital appreciation for the management fee deducted from such limited partner's capital account) is reallocated to the capital account of the GP (the "Incentive Allocation"). Each U.S. Fund maintains a memorandum loss recovery account for each limited partner (a "Loss Recovery Account"). For each such fiscal period, each limited partner's Loss Recovery Account will be credited with the aggregate net capital depreciation, if any, allocated to such limited partner's capital account for such fiscal period (taking into account the limited partner's share of the Management Fee) and debited (but not below zero) with the aggregate net capital appreciation, if any, allocated to such limited partner's capital account for such fiscal period. The GP will not be allocated any Incentive Allocation with respect to a limited partner's capital account until such limited partner has recovered any net capital depreciation credited to its Loss Recovery Account. Any positive balance in a limited partner's Loss Recovery Account will be proportionately reduced for withdrawals of capital by such limited partner.

The GP reserves the right to waive or impose different fees or otherwise modify the fee arrangements of an existing investor with the consent of such investor. In addition, each U.S. Fund reserves the right to impose different fees or compensation on future investors.

2. Offshore Funds

With respect to the Offshore Funds, a monthly management fee equal to 1/6 of 1% (2.0% annualized) of each share class or series thereof, determined as of the end of each month, is payable by the Offshore Funds to the Investment Adviser (unless a lower fee has been consented to by the Investment Adviser, as described below).

The Offshore Funds also pay the Investment Adviser an Incentive Fee (the "Incentive Fee") and together with the Incentive Allocation, the "Performance Compensation") generally paid on a quarterly basis following the end of each fiscal quarter, equal to 20% of the net realized and unrealized appreciation in the Net Asset Value of each series (or class if no series exists) of shares (adjusted for any redemptions of shares in the series (or class if no series exists) made during the year (the "Adjusted NAV")); provided, however, that the Incentive Fee shall be paid only with respect to the net realized and unrealized appreciation in the Adjusted NAV of a series (or class) of shares in excess of the "Prior High NAV" of such series (or class). The Prior High NAV for each series (or class) of shares is the Net Asset Value of that series (or class) as of the first business day immediately following the date the last Incentive Fee with respect to such series (or class) was determined (or if no Incentive Fee has been determined, the Net Asset Value of such series (or class) immediately following its initial offering). If shares of a particular series (or class) are redeemed during a quarter, the Prior High NAV of such series (or class) will be reduced in the same proportion as the reduction in the net asset value of that series (or class) caused by such redemption. Upon an interim-quarter redemption of shares, an Incentive Fee will also be determined with respect to such shares and will be paid to the Investment Adviser.

The Board of Directors for the Offshore Funds reserve the right to waive or impose different fees or otherwise modify the fee arrangements of an existing investor with the consent of such investor. In addition, the Offshore Funds reserve the right to impose different fees or compensation on future investors.

3. Master Funds

Generally, no management fees or Performance Compensation are assessed at the Master Fund level.

4. Managed Accounts

All fees for Managed Accounts are subject to negotiation and established pursuant to each Managed Account's investment management agreement. Generally, the investment management agreements are terminable upon receipt by either party from the other of prior written notice of termination and after the expiration of the specified notice period and the client will be entitled to any unearned prepaid portion of the management fee to the extent applicable.

The Investment Adviser generally charges each Managed Account a management fee for each fiscal quarter or month equal to between 0.5% and 1.25% (annualized) of the net asset value of each Managed Account. The management fee is calculated and paid in arrears.

Generally, at the end of each fiscal year of each Managed Account, the Investment Adviser is entitled to Performance Compensation in an amount that ranges between 10 to 20% of any net realized and unrealized appreciation in the net asset value of each Managed Account, subject to certain adjustments and subject to a loss carryforward mechanism.

B. Payment of Fees.

Fees and compensation paid to the Investment Adviser or its affiliates by the Funds are generally deducted from the assets of such clients. The Investment Adviser bills Managed Account clients. As discussed above, management fees are generally deducted or billed (as applicable) on a monthly or quarterly basis (as applicable) and Performance Compensation is generally deducted or billed (as applicable) on an annual basis.

C. Additional Fees and Expenses.

Each client bears its own expenses which may include investment expenses (e.g., brokerage commissions, expenses relating to short sales, clearing and settlement charges, custodial fees, initial and variation margin, interest expense and research-related expenses, including, without limitation, news and quotation equipment and services), professional fees (including, without limitation, expenses of consultants and experts' fees relating to particular investments), legal expenses, fees of any third party administrator, liability insurance for the Board of Directors, accounting, audit and tax preparation expenses, costs of printing and mailing reports and notices, taxes (including, without limitation, entity-level taxes), corporate licensing, regulatory expenses (including filing fees), organizational expenses, expenses relating to the offer and sale of securities of the client and extraordinary expenses. Certain clients may not bear all of the expenses disclosed in this Item 5.C.

D. Additional Compensation and Conflicts of Interest.

Neither the Investment Adviser nor any of its supervised persons accepts compensation (e.g., brokerage commissions) for the sale of securities or other investment products.

ITEM 6
PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

The Investment Adviser and its affiliates accept performance-based fees from every client. As a result, the Investment Adviser and its affiliates do not face certain conflicts of interest that may arise when an investment adviser accepts performance-based fees from some clients, but not from other clients.

ITEM 7
TYPES OF CLIENTS

The Investment Adviser generally provides investment advice to Funds and Managed Accounts, as described above. Beneficial owners of Funds include institutions, pension plans, high net worth individuals and other sophisticated investors. Beneficial owners of Managed Accounts include institutions and other sophisticated investors. The Investment Adviser generally requires a minimum investment of \$10 million for a prospective client to open a Managed Account.

ITEM 8

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis and Investment Strategies.

The descriptions set forth in this Brochure of specific advisory services that the Investment Adviser offers to clients, and investment strategies pursued and investments made by the Investment Adviser on behalf of its clients, should not be understood to limit in any way the Investment Adviser's investment activities. The Investment Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that the Investment Adviser considers appropriate, subject to each client's investment objectives and guidelines. The investment strategies the Investment Adviser pursues are speculative and entail substantial risks. Investors in the Funds and Managed Accounts 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 Investment Adviser may utilize statistical and quantitative methods to conduct security analysis. Sources of information used by the Investment Adviser may include economic data, data concerning securities prices and related information such as volume data, and research services which provide statistical analyses of securities and securities portfolios.

B. Material, Significant, or Unusual Risks Relating to Investment Strategies.

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the clients advised by the Investment Adviser. These risk factors include only those risks the Investment Adviser believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by the Investment Adviser. Certain risk factors may not be applicable to all clients.

Investment and Trading Risks; Volatility. All securities investments risk the loss of capital. The Investment Adviser believes that a client's investment program and research techniques moderate this risk through a careful selection of securities and other financial instruments. No guarantee or representation is made that a client's program will be successful. A client's investment program may utilize such investment techniques as option transactions, limited diversification, margin transactions, short sales, and futures and forward contracts, which practices can, in certain circumstances, increase the adverse impact to which such client may be subject. The timing of such adverse impacts cannot be predicted and may result in substantial volatility in a client's performance.

Quantitative Investment Strategy Risk. The success of the quantitative investment strategy utilized with respect to certain clients may be heavily dependent on the mathematical models used by the Investment Adviser in attempting to exploit short-term and long-term relationships among various securities prices and volatility. The Investment Adviser may select models that are not well-suited to prevailing market conditions. Models that have been formulated on the basis of past market data may not be predictive of future price movements. Models may not be reliable if unusual events specific to particular corporations, or major events external to the operations of markets, cause extreme market moves that are inconsistent with the historic correlation and volatility structure of the market. Models also may have hidden biases or exposure to broad structural or sentiment shifts.

Furthermore, the effectiveness of such models tends to deteriorate over time as more traders seek to exploit the same market inefficiencies through the use of similar models.

Hedging Transactions. The Investment Adviser may utilize financial instruments, both for investment purposes and for risk management purposes in order to (i) protect against possible changes in the market value of such client's investment portfolios resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect such client's unrealized gains in the value of such client's investment portfolios; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in such client's portfolios; (v) hedge the interest rate or currency exchange rate on any of such client's liabilities or assets; (vi) protect against any increase in the price of any securities such client anticipates purchasing at a later date or (vii) for any other reason that the Investment Adviser deems appropriate.

The success of the Investment Adviser's hedging strategy will depend, in part, upon the Investment Adviser's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Investment Adviser's hedging strategy will also be subject to the Investment Adviser's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While the Investment Adviser may enter into hedging transactions on behalf of a particular client to seek to reduce risk, such transactions may result in a poorer overall performance for such client than if they had not engaged in such hedging transactions. For a variety of reasons, the Investment Adviser may not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent a client from achieving the intended hedge or expose such client to risk of loss. The Investment Adviser may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of a client's portfolio holdings.

Limited Diversification and Risk Management Failures. Certain clients have no formal guidelines for diversification. As a result, such client's portfolio could become significantly concentrated in a limited number of issues, types of financial instruments, industries, sectors, strategies, countries, or geographic regions, and any such concentration of risk may increase losses suffered by such client. At any given time, it is possible that a client's investments or portfolio risks could be concentrated in only a few industries, companies, geographic regions, asset types, strategies or other areas of risk. This limited diversity could expose such client to losses disproportionate to market movements in general. Even when the Investment Adviser attempts to control risks and diversify the portfolio, risks associated with different assets may be correlated in unexpected ways, with the result that a client faces concentrated exposure to certain risks. In addition, many hedge funds pursue similar strategies, which creates the risk that many funds would be forced to liquidate positions at the same time, reducing liquidity, increasing volatility and exacerbating losses. Although the Investment Adviser attempts to identify, monitor and manage significant risks, these efforts do not take all risks into account and there can be no assurance that these efforts will be effective. Many risk management techniques are based on observed historical market

behavior, but future market behavior may be entirely different. Any inadequacy or failure in the Investment Adviser's risk management efforts could result in material losses for a client.

Short Sales. The Investment Adviser may sell securities a client does not own in anticipation of a decline in the market price of such securities or in order to hedge portfolio positions. Short selling, or the sale of securities not owned by a client, necessarily involves certain additional risks. Such transactions expose a client to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by a client in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein a client might be compelled, at a disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

In a short sale, a client would ordinarily be entitled to receive payments (at rates based in part on prevailing short-term "money market" rates) with respect to such proceeds. To complete such a transaction, such client would generally borrow the security sold in order to make delivery to the buyer. The proceeds of the short sale would generally be retained by the broker, to the extent necessary to meet margin requirements, until the short position is closed out. Such client will be required to pay brokerage commissions to execute a short sale and may be required to pay a premium to the lender of the securities, which would increase the cost of the security sold. Such client would generally be obligated to replace any securities borrowed by purchasing them at the market price at the time of replacement. Such client may be obligated to return the securities borrowed at any time. The price at such time may be more or less than the price at which the security was sold by such client. Until the security is replaced, such client is generally required to pay to the lender amounts equal to any dividends or interest which accrue on the securities borrowed during the period of the loan. Such client will incur a loss as a result of the short sale if the price of the security increases between the date of the short sale and the date on which such client replaces a borrowed security and such client will realize a gain to the extent the security declines in price between those dates by an amount in excess of the costs incurred in effecting the short sale.

Small and Medium Capitalization Companies. A client may invest a portion of its assets in the securities of companies with small- to medium-sized market capitalizations. While the Investment Adviser believes they often provide significant potential for appreciation, those stocks, particularly small-capitalization stocks, involve higher risks in some respects than do investments in securities of larger companies. For example, prices of small-capitalization and even medium-capitalization securities are often more volatile than prices of large-capitalization securities and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, "blue-chip" companies. In addition, due to thin trading in the securities of some small-capitalization companies, an investment in those companies may be illiquid.

Use of Leverage. A client may, in the sole discretion of the Investment Adviser, leverage its investment positions by borrowing funds from securities broker-dealers, banks or others. From time to time, a client may borrow significant amounts to take advantage of perceived opportunities, such as short-term price disparities between markets or related securities. Such leverage increases both the possibilities for profit and the risk of loss.

Borrowings will typically be secured by such client's securities and other assets. Under certain circumstances, such a lender may demand an increase in the collateral that secures such client's obligations and if such client were unable to provide additional collateral, the lender could liquidate assets held in the account to satisfy such client's obligations. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of such client's borrowings and the interest rates on those borrowings, which will fluctuate, may have a significant effect on such client's profitability.

Non-U.S. Investments. A significant portion of a client's assets may be invested in non-U.S. securities. The following risk factors relate to investing outside of the United States.

Political and Economic Factors. The economies of particular non-U.S. countries may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross national product, rate of inflation, currency depreciation, capital reinvestment, resource self-sufficiency and balance of payments position. Further, certain non-U.S. economies are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. The economies of certain non-U.S. countries may be based, predominantly, on only a few industries and may be vulnerable to changes in trade conditions and may have higher levels of debt or inflation. Governments in certain of the non-U.S. countries in which a client may invest continue to participate to a significant degree, through ownership interests or regulation, in their respective economies. Action by these governments could have a significant effect on market prices of securities and payments of dividends. With respect to certain non-U.S. countries, there is the possibility of nationalization, expropriation or confiscatory taxation, political changes, government regulation, social instability or diplomatic developments that could affect adversely the economy of such country or a client's investments in such country.

Market Characteristics. The securities markets of many non-U.S. countries in which a client may invest have substantially less volume than those in the United States, and securities of many companies in these countries are less liquid and more volatile than securities of comparable U.S. companies. Accordingly, each of 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.

Currency Fluctuations. Income generated by a client non-U.S. assets generally will be received by such client in non-U.S. currencies. However, clients generally compute and distribute their income in U.S. dollars, and the computation of income will be made on the date of its receipt by a client at the non-U.S. exchange rate in effect on that date. Therefore, if the value of the foreign currencies in which a client receives its income falls relative to the U.S. dollar between receipt of the income and the making of Master Fund distributions, such client will be required to liquidate securities in order to make distributions if such client has insufficient cash in U.S. dollars to make such distributions. Similarly, if an exchange rate declines between the time a client incurs expenses in U.S. dollars and the time such expenses are paid, the amount of such currency required to be converted into U.S.

dollars in order to pay expenses in U.S. dollars will be greater than the equivalent amount in any such currency of such expenses at the time they were incurred.

The value of the assets of a client as measured in U.S. dollars also may be affected favorably or unfavorably by fluctuations in currency rates and exchange control regulations. Further, a client may incur costs in connection with conversions between various currencies. Foreign exchange dealers realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell a non-U.S. currency to a client at one rate, while offering a lesser rate of exchange should such client desire immediately to resell that currency to the dealer. A client will conduct its foreign currency exchange transactions either on a spot (i.e., cash) basis at the spot rate prevailing in the foreign currency exchange market, or through entering into forward, futures or options contracts to purchase or sell non-U.S. currencies.

Non-U.S. currencies are exchangeable into U.S. dollars, subject, in certain cases, to obtaining necessary governmental consents.

Investment and Repatriation Restrictions. Foreign investment in the securities markets of several non-U.S. countries is restricted or controlled in varying degrees. These restrictions may limit and at times preclude investment in certain non-U.S. countries and may increase the costs and expenses of a client. In addition, the repatriation of both investment income and capital from certain non-U.S. countries is restricted and controlled under certain regulations, including in some cases the need for certain governmental consents or governmental registration. A client could be adversely affected by delays in or a refusal to grant any required governmental consent or registration for such repatriation.

Non-U.S. Taxes. A client's interest and dividend income from non-U.S. issuers may be subject to applicable withholding taxes in certain non-U.S. countries. Non-U.S. income taxes paid by a client may be creditable or deductible by investors for U.S. tax purposes,

Trading on Commodity Exchanges Outside the United States. A client may engage in trading on commodity exchanges outside the United States. Trading on such exchanges is not regulated by any United States Government agency and may involve certain risks not applicable to trading on United States exchanges. For example, some non-U.S. exchanges, unlike United States exchanges, are "principal markets" in which performance is the responsibility only of the individual member with whom the trader has entered into a futures contract and not of an exchange or clearing corporation. A client also may not have the same access to certain trades as do various other participants in foreign markets. Trades executed on foreign exchanges will be maintained with the broker with which they are traded or cleared.

Other Risks of Non-U.S. Investment. Companies in non-U.S. countries generally are not subject to uniform accounting, auditing and financial standards and requirements comparable to those applicable to U.S. companies. There may also be less government supervision and regulation of non-U.S. securities exchanges, brokers and listed companies than exists in the United States, and there may be less publicly available information about non-U.S. companies compared to reports and ratings published about U.S. companies.

C. Risks Associated With Particular Types of Securities.

Call Options. There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (*i.e.*, the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the securities to increase, thereby exacerbating the loss.

The buyer of a call option assumes the risk of losing its entire investment in the call option. If the buyer of the call sells short the underlying security, the loss on the call will be offset in whole or in part by any gain on the short sale of the underlying security.

Put Options. There are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (*i.e.*, the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is "fully hedged" if the option owned expires at the same time or later than the option written. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option.

The buyer of a put option assumes the risk of losing its entire investment in the put option. If the buyer of the put holds the underlying security, the loss on the put will be offset in whole or in part by any gain on the underlying security.

Stock Index Options. A client may also purchase and sell call and put options on stock indexes listed on national securities exchanges or traded in the over-the-counter market for the purpose of realizing its investment objective or for the purpose of hedging its portfolio. A stock index fluctuates with changes in the market values of the stocks included in the index. The effectiveness of purchasing or writing stock index options for hedging purposes will depend upon the extent to which price movements in a client's portfolio 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 client will realize a gain or loss from the purchase or writing of options on an index depends upon movements in the level of stock prices in the stock market generally or, in the case of certain indexes, in an industry or market segment, rather than movements in the price of a particular stock. Accordingly, successful use by a client of options on stock indexes will be subject to the Investment Adviser's ability to predict correctly movements in the direction of the stock market generally or of a particular industry or market segment. This requires different skills and techniques than predicting changes in the price of individual stocks.

Equity Securities. A client's investment portfolio may include positions in common stocks, preferred stocks and convertible securities of U.S. issuers and non-U.S. issuers. A client also may invest in depositary receipts relating to non-U.S. securities. Equity securities fluctuate in value in response to many factors, including the activities and financial condition of individual companies, the business market in which individual companies compete and industry market conditions and general economic environments.

Commodities and Commodity Futures Contracts. The Investment Adviser, on behalf of a client, may engage in all manner of transactions in commodities and commodity futures contracts and options on commodities and commodity futures contracts including, but not limited to, stock index futures contracts, currency futures and futures contracts on sovereign debt and options thereon.

When effecting transactions in commodity interests a client generally will be required to deposit in favor of the commodity broker (defined as "futures commission merchants" by the CFTC) an amount of cash or cash equivalents equal to approximately 5 percent to 10 percent of the contract amount. Any cash or cash equivalents deposited in favor of a futures commission merchant will be held in a segregated account and will be pledged to such futures commission merchant to secure the performance of a client's obligations with respect to transactions involving commodity interests executed through or by such futures commission merchant. This amount is subject to change by the exchange or board of trade on which the contract is traded, and members of such exchange or board of trade may impose their own higher requirements. This amount is known as "initial margin" and is in the nature of a performance bond or good faith deposit which is released to a client upon termination of the commodity position, assuming all contractual obligations have been satisfied. Futures commission merchants typically permit customers with accounts of a certain size to deposit United States Treasury bills or other securities rather than cash as initial margin. A client intends to deposit Treasury obligations or cash as initial margin. Any interest earned on margin deposits will be credited to the account of a client. Subsequent payments, known as "variation margin," will be made daily to and from the broker as the price of the securities or index underlying the futures contract fluctuates, making the long and short positions in the futures contract more or less valuable, a process known as "marking-to-market." Variation margin generally must be made in cash. At any time prior to the expiration of a commodity interest position, a client may elect to close the position by taking an opposite position, at the then prevailing settlement price for the commodity, which will operate to terminate such client's existing position in the commodity interest.

Any assets of a client not committed as margin generally will be invested in securities and other investment instruments (including cash equivalents).

Trading in commodity interests may involve substantial risks. Commodity markets are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, weather patterns, national and international political and economic events and changes in interest rates. The low premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. There is no assurance that a liquid secondary market will exist for commodity futures contracts or options purchased or sold, and a client may be required to maintain a position until exercise or expiration, which could result in losses. Many commodity exchanges limit the amount of fluctuation permitted in contract prices during a single trading day. Once the daily limit has

been reached in a particular contract, no trades may be made that day at a price beyond that limit. Contract prices could move to the daily limit for several consecutive trading days with little or no trading, thereby preventing prompt liquidation of commodity interest positions and potentially subjecting a client to substantial losses. In addition, the CFTC and various exchanges impose speculative position limits on the number of positions that may be held in particular commodities. Trading in commodity futures contracts and options are highly specialized activities which, while they may increase the total return on a client's portfolio, may entail greater than ordinary investment or trading risks.

Stock Index Futures. The price of stock index futures may not correlate perfectly with the movement in the stock index because of certain market distortions. First, all participants in the futures market are subject to margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, investors may close futures contracts through offsetting transactions which would distort the normal relationship between the index and futures markets. Secondly, from the point of view of speculators, the deposit requirements in the futures market are less onerous than margin requirements in the securities market. Therefore, increased participation by speculators in the futures market also may cause temporary price distortions. Successful use of stock index futures by a client also is subject to the Investment Adviser's ability to predict correctly movements in the direction of the market.

Other Instruments and Future Developments. The Investment Adviser, on behalf of a client, may take advantage of opportunities in the area of swaps, options on various underlying instruments and swaptions and certain other customized derivative instruments. In addition, the Investment Adviser may take advantage of opportunities with respect to certain other derivative instruments which are not presently contemplated for use by a client or which are currently not available, but which may be developed, to the extent such opportunities are both consistent with such client's investment objective and legally permissible for such client. Special risks may apply to instruments which are invested in by a client in the future which can not be determined at this time or until such instruments are developed or invested in by such client. A swap is a contract under which two parties agree to make periodic payments to each other based on specified interest rates, an index or the value of some other instrument, applied to a stated, or "notional," amount. Swaps generally can be classified as interest rate swaps, currency swaps, commodity swaps or equity swaps, depending on the type of index or instrument used to calculate the payments. A swaption is an option entitling one party to enter into a swap agreement with the counterparty. In addition to swaps and swaptions, a client may become a party to various other customized derivative instruments entitling the counterparty to certain payments on the gain or loss on the value of an underlying or referenced instrument. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk.

Forward Trading Through Banks. A client may enter into forward contracts, which are not traded on exchanges. It is contemplated that such forward contracts will be primarily forward currency contracts with banks. There are no limitations on daily price moves of forward contracts. Banks and futures commission merchants with whom a client may maintain accounts may require such client to deposit margin with respect to such trading. Banks are not required to continue to make markets in currencies. There have been periods during which certain banks have refused to continue to quote prices for forward contracts or have quoted prices with an unusually wide spread (the price at which the bank is prepared to buy and that at which it is prepared to sell). Arrangements to trade forward

contracts may be made with only one or a few banks, and liquidity problems therefore might be greater than if such arrangements were made with numerous banks. The imposition of credit controls by governmental authorities might limit such forward trading to less than that which the Investment Adviser would otherwise recommend, to the possible detriment of a client. Neither the CFTC nor banking authorities regulate forward currency through banks. In respect of such trading, a client is subject to the risk of bank failure or the inability of or refusal by a bank to perform with respect to such contracts.

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 Investment Adviser's advisory business or the integrity of the Investment Adviser's management.

ITEM 10
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Broker-Dealer Registration Status.

The Investment Adviser and its management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

B. Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Adviser Registration Status.

The Investment Adviser and its management persons are not registered as, and do not have any application to register as, futures commission merchants, commodity pool operators, commodity trading advisors or associated persons of the foregoing entities.

C. Material Relationships or Arrangements with Industry Participants.

As described previously, a related person acts as the general partner of the U.S. Funds. An affiliate of the Investment Adviser, Kailas Management, L.L.C. ("Kailas") served as an investment adviser to several fund-of-hedge funds which are in various stages of liquidation. Employees of the Investment Adviser are overseeing the liquidation of the funds managed by Kailas.

D. Material Conflicts of Interest Relating to Other Investment Advisers.

The Investment Adviser does not recommend or select other investment advisers for its clients.

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

A. Code of Ethics.

The Investment Adviser strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, the Investment Adviser has adopted a Code of Ethics (the "Code"). The Code incorporates the following general principles that all employees are expected to uphold:

- employees must at all times place the interests of clients first;
- all personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest or any abuse of an employee's position of trust and responsibility must be avoided;
- employees must not take any inappropriate advantage of their positions;
- information concerning the identity of securities and financial circumstances of the Funds, including the Funds' investors, must be kept confidential; and
- independence in the investment decision-making process must be maintained at all times.

Clients may request a copy of the Code by contacting the Investment Adviser at the address or telephone number listed on the first page of this document.

The Investment Adviser also maintains Insider Trading policies and procedures (the "Insider Trading Policies") that are designed to prevent the misuse of material, non-public information. The Investment Adviser's personnel are required to certify to their compliance with the Code, including the Insider Trading Policies, on a periodic basis.

The Investment Adviser's Insider Trading Policies prohibit the Investment Adviser and its personnel from trading for clients or themselves, or recommend trading, in securities of a company while in possession of material, non-public information ("Inside Information") about the company, and from disclosing such information to any person not entitled to receive it. By reason of its various activities, the Investment Adviser may have access to Inside Information or be restricted from effecting transactions in certain investments that might otherwise have been initiated. The Investment Adviser has designed and implemented policies and procedures reasonably designed to shield its investment professionals in most cases from access to Inside Information so that investment decisions may be made on the basis of public information only. Among other things, such policies seek to control and monitor the flow of Inside Information to and within the Investment Adviser, as well as prevent trading based on Inside Information.

Notwithstanding such policies and procedures, there may be certain cases where the Investment Adviser either may receive Inside Information due to its various activities on behalf of itself or its clients or may be restricted in acting for its clients, resulting in limited liquidity or using such information for the benefit of certain clients in specific securities. The Investment Adviser seeks to minimize those cases whenever possible, consistent with applicable law and its Insider Trading Policies, but there can be no assurance that such efforts will be successful and that such restrictions will not occur.

B. Securities That You or a Related Person Has a Material Financial Interest.

1. Cross Trades

The Investment Adviser may determine that it would be in the best interests of certain clients to transfer a security from one client to another (each such transfer, a "Cross Trade") for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the clients, or to reduce transaction costs that may arise in an open market transaction. If the Investment Adviser decides to engage in a Cross Trade, the Investment Adviser will determine that the trade is in the best interests of each client involved in it and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those clients.

To the extent the Investment Adviser effects internal cross transactions between one or more clients for the purpose of rebalancing the portfolios of such clients, the Investment Adviser will effect these transactions at a predetermined time, generally after the close of the market on the last business day of each month, pursuant to a formula that will result in each client holding substantially similar securities relative to each client's respective net asset value. The Investment Adviser will effect these transactions based on the then-current independent market price and consistent with valuation procedures established by the Investment Adviser. None of the Investment Adviser or any related party will receive any compensation in connection with these rebalancing transactions. These cross transactions generally will be made without brokerage commissions being charged.

To the extent the Investment Adviser effects internal cross transactions between one or more clients for other purposes, the Investment Adviser generally will execute such Cross Trades with the assistance of a broker-dealer who will execute and book the transaction at the close of the market on the day of the transaction.

2. Principal Transactions

To the extent that Cross Trades may be viewed as principal transactions due to the ownership interest in a client by the Investment Adviser or its personnel, the Investment Adviser will comply with the requirements of Section 206(3) of the Advisers Act, including that any such transactions will be considered on behalf of investors in such a client and approved or disapproved by (i) an advisory board comprised of representatives of such investors or (ii) a committee consisting of one or more persons selected by the Investment Adviser (or its affiliate), and any valuation approved by such a committee will be determined by an independent third party that has appropriate experience in providing such valuations.

C. Investing in Securities That You or a Related Person Recommends to Clients.

The Code places restrictions on personal trades by employees, including that they disclose their personal securities holdings and transactions to the Investment Adviser on a periodic basis, and requires that employees pre-clear certain types of personal securities transactions. The Investment Adviser, its affiliates and its employees may invest on behalf of themselves in securities and other instruments that would be appropriate for, held by, or may fall within the investment guidelines of clients.

The Investment Adviser, its affiliates and its employees may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for clients. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more clients. Potential conflicts also may arise due to the fact that the Investment Adviser and its personnel may have investments in some Funds but not in others or may have different levels of investments in the various Funds.

The Investment Adviser has established policies and procedures to monitor and resolve conflicts with respect to investment opportunities in a manner it deems fair and equitable, including the restrictions placed on personal trading in the Code, as described above, and regular monitoring of employee transactions and trading patterns for actual or perceived conflicts of interest, including those conflicts that may arise as a result of personal trades in the same or similar securities made at or about the same time as client trades.

D. Conflicts of Interest Created by Contemporaneous Trading.

The Investment Adviser manages investments on behalf of a number of clients. Certain clients have investment programs that are similar to or overlap and may, therefore, participate with each other in investments. It is the policy of the Investment Adviser to allocate investment opportunities among all clients fairly, to the extent practical and in accordance with each client's applicable investment strategies, over a period of time. The Investment Adviser will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to any client solely because the Investment Adviser purchases or sells the same security for, enters into a transaction on behalf of, or provides an opportunity to any client if, in its reasonable opinion, such security, transaction or investment opportunity does not appear to be suitable, practical or desirable for the client.

If it is determined by the Investment Adviser that it would be appropriate for one or more clients to participate in an investment opportunity, the Investment Adviser will seek to execute orders for all of the participating clients on a fair and equitable basis, taking into account such factors as the amounts of capital available for new investments and the investment programs and portfolio positions of clients for which participation is appropriate. Orders may be combined for all such clients, and if any order is not filled at the same price, they may be allocated on an average price basis. Similarly, if an order on behalf of more than one client cannot be fully executed under prevailing market conditions, securities may be allocated among the different clients on a basis which the Investment Adviser considers equitable.

ITEM 12

BROKERAGE PRACTICES

A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions.

As noted previously, the Investment Adviser has full discretionary authority to manage the Funds and the Managed Accounts, including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid. The Investment Adviser's authority is limited by its own internal policies and procedures and each Fund's and/or Managed Account's investment guidelines.

Portfolio transactions for each client will be allocated to brokers and dealers on the basis of numerous factors and not necessarily lowest pricing. Brokers and dealers may provide other services that are beneficial to the Investment Adviser and/or certain clients, but not beneficial to all clients. Subject to best execution, in selecting brokers and dealers (including prime brokers) to execute transactions, provide financing and securities on loan, hold cash and short balances and provide other services, the Investment Adviser may consider, among other things, the following:

- the ability of the brokers and dealers to effect the transaction;
- the brokers' or dealers' facilities, reliability and financial responsibility; and
- the provision by the brokers of capital introduction, marketing assistance, consulting with respect to technology, operations and equipment, commitment of capital, access to company management and access to deal flow.

Accordingly, the commission rates (or dealer markups and markdowns) charged to the Funds and the Managed Accounts by brokers or dealers in the foregoing circumstances may be higher than those charged by other brokers or dealers who may not offer such services. The Investment Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread. Generally, neither the Investment Adviser nor the Funds separately compensate any broker or dealer for any of these other services.

The Investment Adviser maintains policies and procedures to review the quality of executions, including periodic reviews by its investment professionals.

Securities transactions can be expected to generate brokerage commissions and other compensation, all of which the Funds and Managed Accounts, not the Investment Adviser, will be obligated to pay. The Investment Adviser will have discretion in deciding what brokers and dealers the Funds and the Managed Accounts will use and in negotiating the rates of compensation the Funds and the Managed Accounts will pay. In addition to using brokers as "agents" and paying commissions, the Funds and the Managed Accounts 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.

1. Research and Other Soft Dollar Benefits.

From time to time, the Investment Adviser may pay a broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transactions) for effecting Fund and /or Managed Account transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer.

Research products or services provided to the Investment Adviser may include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities and other products and services (e.g., quotation equipment and computer costs and expenses) providing lawful and appropriate assistance to the Investment Adviser in the performance of its investment decision-making responsibilities.

The use of commissions or "soft dollars" to pay for research products or services will fall within the safe harbor created by Section 28(e) of the Securities Exchange Act of 1934, as amended. Also, consistent with Section 28(e), research obtained with soft dollars generated by one or more Funds or Managed Accounts may be used by the Investment Adviser to service one or more clients, including clients that may not have paid for the soft dollar benefits. The Investment Adviser does not seek to allocate soft dollar benefits to client accounts in proportion to the soft dollar credits the client accounts generate. Where a product or service obtained with soft dollars provides both research and non-research assistance to the Investment Adviser, the Investment Adviser will make a reasonable allocation of the cost which may be paid for with soft dollars. In making a reasonable allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of the Investment Adviser's allocation of the costs of such benefits and services between those that primarily benefit the Investment Adviser and those that primarily benefit the Funds and/or Managed Accounts.

Brokers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker may be less than the suggested allocation, but can (and often does) exceed the suggested level, 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 products or services. Investment information received from the Funds' and Managed Accounts' brokers may be used by the Investment Adviser in servicing all its accounts, and not all such information need be used by the Investment Adviser in connection with any given client. Nonetheless, the Investment Adviser believes that such investment information provides the Funds and the Managed Accounts with benefits by supplementing the research otherwise available to the Funds and the Managed Accounts.

2. Brokerage for Client Referrals.

Neither the Investment Adviser nor any related person receives client referrals from any broker-dealer or third party. However, from time to time, brokers (including prime

brokers) may assist the Funds in raising additional funds from investors, and representatives of the Investment Adviser may speak at conferences and programs sponsored by such brokers for investors interested in investing in hedge funds. Through such "capital introduction" events, prospective investors in the Funds would have the opportunity to meet with the Investment Adviser. Currently, neither the Investment Adviser nor the Funds compensate any broker for organizing such events or for any investments ultimately made by prospective investors attending such events, nor do they anticipate doing so in the future. The Funds may accept subscriptions from investors who also provide services to the Funds, including brokers and their affiliates. Relationships such as these could be viewed as creating a conflict of interest that potentially could affect the Investment Adviser's ability to seek best execution. While the Investment Adviser's relationship with brokers may influence it in deciding whether to use such broker in connection with brokerage, financing and other activities of the Funds, the Investment Adviser will not commit to allocate a particular amount of brokerage to a broker in any such situation. Furthermore, the Investment Adviser conducts periodic best execution reviews in an effort to identify and mitigate compliance risks associated with brokerage relationships, and to determine that the Investment Adviser is obtaining best execution for clients' accounts.

3. Directed Brokerage.

The Investment Adviser does not recommend, request or require that a client direct the Investment Adviser to execute transactions through a specified broker-dealer.

B. Order Aggregation.

If the Investment Adviser determines that the purchase or sale of a security is appropriate with regard to multiple clients, the Investment Adviser may, but is not obligated to, purchase or sell such a security on behalf of such clients with an aggregated order, for the purpose of reducing transaction costs, to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating client will receive the average price, with transaction costs generally allocated pro rata based on the size of each client's participation in the order (or allocation in the event of a partial fill) as determined by the Investment Adviser. In the event of a partial fill, allocations may be modified on a basis that the Investment Adviser deems to be appropriate, including, for example, in order to avoid odd lots or de minimis allocations. When orders are not aggregated, trades generally will be processed in the order that they are placed with the broker or counterparty selected by the Investment Adviser. As a result, certain trades in the same security for one client (including a client in which the Investment Adviser and its personnel may have a direct or indirect interest) may receive more or less favorable prices or terms than another client, and orders placed later may not be filled entirely or at all, based upon the prevailing market prices at the time of the order or trade. In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved.

ITEM 13

REVIEW OF ACCOUNTS

A. Frequency and Nature of Review of Client Accounts or Financial Plans.

The Investment Adviser performs various daily, weekly, monthly, quarterly and periodic reviews of each client's portfolio. Such reviews are conducted by the Investment Adviser's portfolio managers and research associates.

B. Factors Prompting Review of Client Accounts Other than a Periodic Review.

A review of a client account may be triggered by any unusual activity or special circumstances.

C. Content and Frequency of Account Reports to Clients.

The Investment Adviser generally provides annual audited financial statements to the Funds within 30 days of the completion of each fiscal year's audit of the applicable Fund's books and records. The Investment Adviser is generally not responsible for the preparation and delivery of audited financial statements to the Managed Accounts.

Investors in the Funds receive a monthly letter from the Investment Adviser documenting the performance of their Fund, along with a commentary by the Investment Adviser, although the Investment Adviser may provide certain investors with information on a more frequent and detailed basis if agreed to by the Investment Adviser.

The Investment Adviser, acting through itself or an administrator, generally causes each Fund to report an account balance to each Fund investor monthly. Information also may be available through the Investment Adviser's password protected website. In addition, the Investment Adviser generally issues investors in the U.S. Funds tax reports within 90 days of the end of the Fund's fiscal year.

In addition, the Investment Adviser's personnel may participate in periodic portfolio reviews with Fund investors at the Investment Adviser's discretion, which are attended by the appropriate members of the Investment Adviser's investment staff.

While all investors generally receive similar information, to the extent an investor receives additional information (that other investors have not received, including in connection with due diligence requests), which is in addition to information provided in a Fund's regular reports to investors, such information may provide such investor with greater insight into the Fund's activities. This may enhance such investor's ability to make investment decisions with respect to the Fund and possibly affect such investor's decision to request a redemption from the Fund.

ITEM 14
CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefits for Providing Services to Clients.

The Investment Adviser does not receive economic benefits from non-clients for providing investment advice and other advisory services.

B. Compensation to Non-Supervised Persons for Client Referrals.

Neither the Investment 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 Investment Adviser is deemed to have custody of certain client funds and securities to the extent 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. Account statements related to the clients are sent by qualified custodians to the Investment Adviser and the Managed Accounts.

The Investment Adviser is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). However, it is deemed to have complied with certain requirements of the Custody Rule with respect to each Fund because it requires that each 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 requires that each Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

The Investment Adviser does not generally have custody of Managed Accounts funds and securities.

ITEM 16

INVESTMENT DISCRETION

The Investment Adviser serves as the investment adviser with discretionary trading authority to each Fund. In addition, the Investment Adviser serves as the investment adviser with discretionary trading authority and also provides discretionary advisory services for the Managed Accounts.

The Investment Adviser's investment decisions and advice with respect to each Fund are subject to each Fund's investment objectives and guidelines, as set forth in its offering documents. Similarly, the Investment Adviser's investment decisions and advice with respect to each Managed Account are subject to each client's investment objectives and guidelines, as set forth in the client's investment management agreement, as well as any written instructions provided by the client to the Investment Adviser.

The Investment Adviser or an affiliate of the Investment Adviser entered into an investment management agreement, or similar agreement, with each Fund or beneficial owner of each Managed Account, pursuant to which the Investment Adviser or an affiliate of the Investment Adviser was granted discretionary trading authority.

ITEM 17

VOTING CLIENT SECURITIES

A. Policies and Procedures Relating to Voting Client Securities.

In compliance with Advisers Act Rule 206(4)-6, the Investment Adviser has adopted proxy voting policies and procedures (the "Policies"). Generally, the Investment Adviser has engaged Proxy Edge to serve as proxy agent for the Funds, with instructions to vote proxy proposals, amendments, consents and resolutions relating to client securities, including interests in private investment funds, if any (collectively, "proxies"), in a prudent and diligent manner that will serve the applicable client's best interests and is in line with each client's investment objectives.

The Investment Adviser may take into account all relevant factors, as determined by the Investment Adviser in its discretion, including, without limitation:

- the impact on the value of the securities or instruments owned by the relevant client and the returns on those securities;
- the anticipated associated costs and benefits;
- the continued or increased availability of portfolio information; and
- industry and business practices.

In limited circumstances, the Investment Adviser may refrain from voting proxies where the Investment Adviser believes that voting would be inappropriate, taking into consideration the cost of voting the proxies and the anticipated benefit to its clients. Generally, clients may not direct the Investment Adviser's vote in a particular solicitation.

Conflicts of interest may arise when voting proxies. If the Investment Adviser determines it may have, or is perceived to have, a conflict of interest when voting proxies, the Investment Adviser will vote (or abstain from voting) in accordance with its Policies.

A copy of the Policies and the proxy voting record relating to a client of the Investment Adviser may be obtained by contacting the Investment Adviser.

ITEM 18
FINANCIAL INFORMATION

The Investment Adviser is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably 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.