

Part 2A of Form ADV: Firm Brochure

Item 1 Cover Page

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This brochure provides information about the qualifications and business practices of Luxor Capital Group, LP. If you have any questions about the contents of this brochure, please contact us at (212) 763-8000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Luxor Capital Group, LP also is available on the SEC’s website at www.adviserinfo.sec.gov.

Any reference to Luxor Capital Group, LP as a “registered investment adviser” or as being “registered,” does not imply a certain level of skill or training.

Item 2 Material Changes

There are no material changes from Luxor Capital Group, LP's ("Luxor") last annual update of its Form ADV Part 2A, which was dated March 31, 2015, except that the brochure has been updated to reflect that Luxor has an additional client for which it provides a venture capital investment strategy as discussed in more detail in Item 4 below. In light of the foregoing, Luxor has made revisions it deems material to the applicable disclosures required by Items 4, 5, 6, 7, 8, 10 and 12.

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Item 4 Advisory Business

Luxor is a Delaware limited partnership that was formed in October 2002. Luxor is principally owned by Christian Leone. LCG Holdings, LLC; LCG OC GP, LLC; LCG Private Management, LLC; LCG Private MM, LLC; Luxor Venture Partners GP, LLC; and UKsub Limited (each, a "Relying Adviser") are affiliates of Luxor and are each a "relying adviser" as that term is described in the SEC Staff No-Action Letter dated January 18, 2012, to the American Bar Association, Business Law Section. The Relying Advisers are also principally owned by Christian Leone. The description of Luxor's business and activities throughout this brochure includes the business and activities of the Relying Advisers.

Luxor provides discretionary investment advice to private investment funds and certain separately managed accounts. Luxor primarily provides advisory services that can be characterized as a fundamentally driven and opportunistic approach using multiple strategies to invest across the capital structures of U.S. and non-U.S. companies (the "Primary Luxor Approach"). In the Primary Luxor Approach, Luxor generally trades in a wide variety of securities and financial instruments, domestic and foreign, of all kinds and descriptions, whether publicly traded or privately placed. Luxor may add to or change its investment approaches over time. Luxor may also consider implementing additional strategies in its discretion.

Under certain circumstances, Luxor will contract with a client to adhere to limited risk and/or operating guidelines imposed by such client. Such arrangements are negotiated on a case by case basis. (See Item 16 “Investment Discretion.”)

As of December 31, 2015, Luxor’s regulatory assets under management were approximately \$8.1 billion, all of which are managed on a discretionary basis.

Luxor has an additional client for which it provides a venture capital approach that focuses on early-stage venture capital investments (the “Venture Approach”). For the Venture Approach, Luxor generally acquires investments through direct investments in private companies, negotiations with selling shareholders, and in organized secondary marketplaces for private securities. Clients for which Luxor employs the Primary Luxor Approach are occasionally referred to in this brochure as the “Open-Ended Clients” where such specification is appropriate in the context. Similarly, the client for which Luxor employs the Venture Approach is occasionally referred to in this brochure as the “Venture Client” where such specification is appropriate in the context.

Item 5 Fees and Compensation

The fees and compensation to Luxor are described in the advisory contracts with its clients. All clients are “qualified purchasers” (as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “1940 Act”)).

Management fees are generally paid by Open-Ended Clients to Luxor quarterly in advance, and are generally deducted from client accounts by Luxor. Generally, the management fees are not refundable in the event that the advisory contract is cancelled prior to the end of a quarter. Generally, Luxor or its affiliates receives performance-based fees or allocations from client accounts on an annual basis in arrears and upon withdrawals/redemptions by investors in the private investment funds managed by Luxor that pursue the Primary Luxor Approach. (See Item 6 “Performance-Based Fees and Side-By-Side Management” below.)

Underlying investors in certain of Luxor’s Open-Ended Clients, which provide the right to withdraw capital or redeem interests, may be subject to a withdrawal charge in certain circumstances depending on the classification of interests held and the amounts withdrawn.

In addition to those fees and charges described above, clients may bear additional fees and expenses such as the following non-exhaustive list of items (which may vary from client to client): (i) all expenses associated with the organization and ongoing administration of such private investment funds, including legal and accounting fees, printing and mailing expenses and government filing fees, (ii) all expenses incurred in connection with communications with investors and the ongoing offer and sale of interests in the private investment funds, (iii) all third party administration, accounting, tax preparation, audit, bookkeeping, governmental fees and taxes, tax audit, investigation, settlement or review, and legal (including, without limitation, the costs of prosecuting or defending any legal action for or against the private investment funds, Luxor or its affiliates, and all costs related to the private investment fund’s indemnification of Luxor, its principals and their affiliates), compliance and other professional fees and expenses of, or relating to, the private investment funds, (iv) all expenses incurred for the benefit of the private investment funds related to the maintenance and procurement of information technology and data related services, systems and equipment, appraisals, valuation services, proxy voting services, evaluations or monitoring of private investment fund investments or potential investments, and

insurance, (v) all direct and incidental expenses relating to research and due diligence of existing and potential investments (including, without limitation, research-related travel and due diligence-related travel and the use of consultants and attorneys) and research materials purchased or subscribed for by Luxor, (vi) bank service fees, interest on loans and debit balances; (vii) fees and expenses incurred in connection with preparing and filing reports relating to the private investment fund's investment activities (including under investment advisory laws, such as Form PF), (viii) all expenses of liquidating and winding-up the private investment fund, (ix) expenses incurred in connection with an underlying investor that defaults in respect of a capital commitment, as applicable, and (x) all private investment fund trading and investment related costs and expenses, including, without limitation, brokerage commissions, margin interest, expenses related to short sales, all unreimbursed out-of-pocket cost relating to investment or divestment transactions, consulting fees, custodial fees, clearing and settlement charges, trustees fees, purchase, sale or transmittal of assets (including, the acquisition, holding, restructuring, recapitalization and disposition thereof or related to investments which are not consummated), as Luxor shall determine in its sole discretion. (See Item 12 "Brokerage Practices" below.)

The expenses that are charged to separately managed accounts are determined on a case by case basis.

Luxor may also allocate a portion of certain clients' capital to (i) money market funds or exchange-traded funds or (ii) private investment funds and accounts that are managed by other investment managers, including investment managers in which Mr. Leone has an economic interest (such private investment funds and accounts described in this clause (ii), "Third-Party Funds"). In addition to the fees and expenses discussed above, investors will indirectly incur similar fees and expenses if Luxor invests client's capital in such money market funds, exchange traded funds or Third-Party Funds, as these funds in turn pay similar fees to their investment managers and other service providers. Luxor and its affiliates will waive the management fees and performance-based allocations with respect to each direct investment by such client account in Third-Party Funds; provided, however, that Luxor and its affiliates are entitled to charge and receive management fees and performance-based allocations with respect to any purchase of an interest in a Third-Party Fund by certain client accounts via a secondary market transaction. Further, Mr. Leone and his affiliates shall waive, rebate, or otherwise pay-over to a client account any fees that Mr. Leone or his affiliates receive with respect to such account's pro rata interest in each Third-Party Fund that Mr. Leone or his affiliates would otherwise receive.

Management fees are generally paid by the Venture Client to Luxor quarterly in advance, and may be deducted from the Venture Client account by Luxor or by drawdowns of capital committed to the client account. In addition, Luxor or its affiliates receives a carried interest allocation from cash available for distribution upon realization of investments for the Venture Client. With respect to the carried interest that may be payable by the Venture Client, such fees are generally subject to a "clawback" (meaning that amounts distributed to Luxor may be repayable to the client in certain circumstances) depending on the final overall performance of the client. Further, 100% of the aggregate fees received by Luxor, and its affiliates in connection with investments or potential investments with respect to the Venture Client derived from third parties will be applied to reduce the management fee (but not below zero) subsequently payable by such clients.

Additional information related to the fees Luxor charges its clients is provided in the relevant advisory contract between Luxor and the relevant client (as well as in the confidential private offering documents provided to investors in the private investment fund clients, as applicable).

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

As described in Item 5 above, generally, Luxor or its affiliates receive annual performance-based fees or allocations from Open-Ended Clients based on a percentage of the capital appreciation of client assets.

The terms of performance-based fees and allocations to Luxor and its affiliates may differ among the various private investment funds and the separately managed accounts managed by Luxor and its affiliates. This may result in a conflict of interest when Luxor and its affiliates allocate trade or investment opportunities among these accounts because Luxor and its affiliates will have an incentive to favor accounts that have higher performance-based fees and allocations. To avoid such a conflict of interest Luxor generally follows documented procedures in allocating trades or investments among such accounts, which does not take into account the performance-based fees and allocations to which such accounts are subject (*see Item 12 - "Allocation of Investment Opportunities" below*).

The performance-based fees and allocations to Luxor may also create an incentive for Luxor to effect transactions in securities that are riskier or more speculative than would be the case in the absence of such performance-based fees and allocations.

As the management fees and performance-based fees and allocations made to Luxor and its affiliates by certain clients are based directly on the net asset value of such client accounts, Luxor will have a conflict of interest in valuing the assets held in such accounts. Luxor will follow its documented valuation policies and consult with the third-party administrator to the accounts in order to mitigate this risk.

Additional Considerations Regarding Particular Funds

Luxor Capital Partners Offshore, Ltd. (the "Offshore Fund") invests all or substantially all of its assets in Luxor Capital Partners Offshore Master Fund, LP (the "Offshore Master Fund"). An affiliate of Luxor receives a performance-based allocation from the Offshore Master Fund. Pursuant to the governing agreement of the Offshore Fund and the Offshore Master Fund, the performance-based allocation may be allocated at the level of a direct or indirect subsidiary of the Offshore Fund or Offshore Master Fund for legal, tax or regulatory purposes.

Luxor's ability to cause all or a portion of the performance-based allocation to be allocated at the level of a direct or indirect subsidiary of the Offshore Fund or Offshore Master Fund could reduce Luxor's incentive to reduce certain taxes incurred below the Offshore Fund or Offshore Master Fund level and may give Luxor an incentive to allocate to the Offshore Fund investment opportunities that are less tax-efficient than the investment opportunities that might have been allocated to them in the absence of such ability. As a result of such allocation of all or a portion of the performance-based allocation at the subsidiary level, Luxor may receive a larger aggregate incentive allocation than it would if the performance-based allocation were allocated entirely at the Offshore Fund or Offshore Master Fund level.

Such conflicts are mitigated because Luxor will only allocate the performance-based allocation at a subsidiary level so long as such allocation could not be expected to cause the Offshore Fund's after-tax returns to be less than the Offshore Fund's after-tax returns would have been had the performance-based allocation been allocated exclusively at the Offshore Fund or Offshore Master

Fund level, in each case with such after-tax returns calculated after giving effect to all performance-based allocations with respect to the Offshore Fund or Offshore Master Fund.

Finally, Luxor or its affiliates generally receive a carried interest allocation from cash available for distribution upon realization of investments from the Venture Client.

Item 7 Types of Clients

Luxor primarily provides investment advice to clients who are private investment funds (either through a fund-vehicle or a separately managed account). Investors in such private investment funds are generally institutional investors that qualify as “qualified purchasers” (as defined under the 1940 Act). The minimum investment is generally \$10,000,000 for the private investment funds pursuing the Primary Luxor Approach and generally \$500,000 for the private investment fund pursuing the Venture Approach. In all cases, the minimum investment required for a private investment fund is subject to waiver by Luxor. The minimum investment for any separately managed account will be determined on a case by case basis.

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

Primary Luxor Approach

Methods of Analysis and Investment Strategies Generally with respect to the Primary Luxor Approach

With respect to those clients for which Luxor employs the Primary Luxor Approach, Luxor generally utilizes a fundamentally driven research effort and an opportunistic approach that allows it to use multiple strategies to invest across the capital structures of U.S. and non-U.S. companies. Situations to which Luxor may allocate capital may be characterized in a number of ways, including, without limitation, as event driven, value equity, credit arbitrage, structural arbitrage, relative value, distressed, commodity related, activist and special situation. Underlying this opportunistic approach is a commitment to preserving capital and to uncovering market inefficiencies. While market conditions will inevitably impact returns, Luxor seeks to achieve returns that will not be closely correlated to market indices, and it will not allocate capital to situations where it believes that a positive return can be generated only if certain broader market conditions prevail.

Luxor makes use of multiple trading strategies and is generally authorized to alter any trading policy or strategy as deemed appropriate from time to time in its discretion without obtaining approval from Open-Ended Clients (or underlying investors). Luxor will generally include reviews of environmental, social and/or governance issues relating to an issuer as part of its fundamental research process. The significant strategies used by Luxor for the Primary Luxor Approach are set forth below.

- **Long Positions.** Luxor trades in publicly traded equity securities or other instruments with equity-like characteristics such as distressed debt, convertible bonds or preferred (including convertible preferred) equity securities. Luxor may purchase securities for Open-Ended Client accounts when it believes that such securities are trading notably below their intrinsic value as determined by Luxor through fundamental analysis of the underlying business. Luxor normally analyzes certain financial measures before buying or selling a company’s securities, such as the company’s cash position, gross and net

working capital, tangible book value, historical and expected cash flows, historical and projected earnings growth, valuation relative to growth and to that of its industry, and forecasts and projections for the relevant industry group. As part of its research process, Luxor will at times gather information about a company from consultants, analysts, competitors, suppliers and customers. Luxor generally may invest in the securities of companies without regard to such companies' market capitalizations, geographic locations or market sectors.

- Credit Arbitrage. Luxor may focus on finding situations where market volatility and/or market inefficiency will allow it to purchase and short-sell different securities of the same issuer in order to achieve what it believes to be an outsized return with respect to the probability of permanent capital loss. An example of such a trade would be to purchase the senior obligations of a given issuer and simultaneously short-sell the subordinated obligations of that same issuer.
- Short-Selling. Luxor may engage in short-selling to hedge long positions, as part of various arbitrage strategies and in order to profit from an expected decline in the price of a security. Situations in which Luxor may take an unhedged short position include, but are not limited to, those in which it identifies: (i) negative tangible book value; (ii) temporary overvaluation due to short-term market euphoria for a sector; (iii) a faulty business model; (iv) poor earnings; (v) questionable accounting practices; (vi) deteriorating fundamentals; or (vii) weak management unable to adapt to changes in technology, regulation or the competitive environment.
- Options. Luxor may purchase and write put and call options that are traded on national securities exchanges or over-the-counter markets, as well as on electronic communications networks (ECNs). Options may be used, among other reasons, to increase market exposure (*i.e.*, for purposes of leverage), to reduce overall market exposure (*i.e.*, for hedging purposes), to increase the portfolio's current income, or to reduce the cost basis of a new position. Luxor may also utilize certain options, such as various types of index or "market basket" options, in an effort to hedge against certain market related risks.
- Commodities, Futures, Derivative Securities and Foreign Exchange Transactions. Luxor may effect trades in commodities, futures contracts, options on futures and commodities, currencies, foreign exchange transactions, and derivatives (including, without limitation, credit default and other swaps). Luxor may seek to hedge against, currency, commodity and interest rate risks through the use of such instruments. Luxor may also use these instruments for non-hedging purposes.
- Leverage. Luxor may increase the number and extent of an Open-Ended Client's "long" positions by borrowing (*e.g.*, by purchasing securities on margin). Other trading strategies, including the use of options, futures, certain derivative instruments and short selling may also be deemed to increase the leverage of a client's assets.
- Short-Term Investments. Luxor may trade in government obligations, certificates of deposit, commercial paper and other money market instruments, including repurchase agreements with respect to such obligations, to enable it to make trades quickly and to serve as collateral with respect to certain of its acquisitions. If Luxor believes that a defensive position is appropriate because of expected economic or business conditions or

the outlook for security prices, or when it determines that opportunities for trading are unattractive, a greater percentage of Open-Ended Client assets may be allocated to such obligations. Luxor may also engage in securities lending activities on behalf of Open-Ended Client accounts. From time to time, cash balances in the Open-Ended Clients' brokerage accounts may be placed in a money market fund.

Certain Risks Associated with Luxor's Methods of Analysis and Investment Strategies with respect to the Primary Luxor Approach

Luxor's Primary Luxor Approach trading activities involve a significant degree of risk. The performance of any investment is subject to numerous factors which are neither within the control of nor predictable by Luxor. Such factors include a wide range of economic, political, competitive and other conditions which may affect investments in general or specific industries or companies. In recent years, the securities markets have become increasingly volatile, which may adversely affect the ability of Luxor to realize profits for its Open-Ended Clients' accounts. As a result of the nature of Luxor's trading activities, it is possible that the financial performance of its Open-Ended Clients' accounts may fluctuate substantially from period to period. Although Luxor most often does not take an active role in the affairs of the companies in which it invests Open-Ended Client assets, Luxor's policy is to take such steps as are necessary to protect its clients' economic interests, including seeking a role on the board of directors of a company in which its clients have a position. Taking a seat on the board of directors will restrict Luxor's ability to transact in the securities of the company.

Furthermore, to the extent that any of the Luxor's trading strategies under the Primary Luxor Approach involve frequent trading, such frequent trading can increase costs, including brokerage, other transaction costs and taxes, which can affect investment performance.

The following is a list of certain material risks associated with Luxor's significant methods of analysis and investment strategies in the context of the Primary Luxor Approach.

Competition. The securities industry and the varied strategies and techniques to be engaged in by Luxor are extremely competitive and each involves a degree of risk. Luxor will compete with firms, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs.

Market Volatility. The profitability of Luxor's trading activities substantially depends upon Luxor correctly assessing the future price movements of stocks, bonds, options on stocks, and other securities and the movements of interest rates. Luxor cannot guarantee that it will be successful in accurately predicting price and interest rate movements.

Accuracy of Public Information. Luxor selects investments for its Open-Ended Clients' accounts, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to Luxor by the issuers or through sources other than the issuers. Although Luxor evaluates all such information and data and ordinarily seeks independent corroboration when Luxor considers it is appropriate and when it is reasonably available, Luxor is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available.

Leverage. Subject to applicable regulations, Luxor may use leverage in its trading program when it deems appropriate, including the use of borrowed funds and investments in certain types of

derivatives and options, such as puts, calls and warrants, which may be purchased for a fraction of the price of the underlying securities while giving the purchaser the full benefit of movement in the market of those underlying securities. While such strategies and techniques increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss. To the extent Luxor purchases securities for Open-Ended Client accounts with borrowed funds, such clients' assets will tend to increase or decrease at a greater rate than if borrowed funds are not used. The level of interest rates generally, and the rates at which such funds may be borrowed in particular, could affect the return of Open-Ended Client accounts. If the interest expense on borrowings were to exceed the net return on the portfolio securities purchased with borrowed funds, the use of leverage would result in a lower rate of return than if the accounts were not leveraged.

Securities Lending. Luxor may seek to increase income for its Open-Ended Clients by lending portfolio securities pursuant to a master securities lending agreement or similar agreement. Such loans will be secured continuously by collateral in cash, cash equivalents or U.S. Treasury bills maintained on a current basis in an amount at least equal to the market value of the securities loan. As with other extensions of credit, there are risks of delay in recovery or even loss of right in the collateral should the borrower of the securities fail financially. However, the loans will be made only to firms deemed by Luxor to be of good standing, and when, in the judgment of Luxor, the consideration which can be earned currently from securities loans of this type justifies the attendant risk.

It should be noted that, pursuant to Open-Ended Clients' account agreements with their prime brokers, the prime brokers may lend such clients' securities to third parties without notice to Luxor and without providing any collateral to clients. If a prime broker makes such loans of securities from an Open-Ended Client's account, such client may not be able to vote such securities. In addition, if a prime broker were to become insolvent in the United States, the client would not have a claim against any specific assets of such prime broker, but would have a claim against the pool of assets held for the benefit of such prime broker's customers.

Convertible Securities. The market value of convertible securities, as with all fixed income securities, tends to decline as interest rates increase and, conversely, to increase as interest rates decline. However, when the market price of the common stock underlying a convertible security exceeds the conversion price, the convertible security tends to reflect the market price of the underlying common stock. As the market price of the underlying common stock declines, the convertible security tends to trade increasingly on a yield basis and thus may not decline in price to the same extent as the underlying common stock. If a convertible security held by an Open-Ended Client account is called for redemption, Luxor will be required to permit the issuer to redeem the security, convert it into the underlying stock or sell it to a third party. Any of these actions could have an adverse effect on the account's performance.

Short Sales. Luxor may sell securities short for Open-Ended Client accounts. Short-selling involves the sale of a security that the client does not own and must borrow in order to make delivery in the hope of purchasing the same security at a later date at a lower price. Selling securities short risks losing an amount greater than the proceeds received. Theoretically, securities sold short are subject to unlimited risk of loss because there is no limit on the price that a security may appreciate before the short position is closed. In addition, the supply of securities that can be borrowed fluctuates from time to time. A client may have losses if a security lender demands return of the lent securities and an alternative lending source cannot be found.

Derivatives Generally. Derivative instruments, or “derivatives,” include options, swaps, futures, structured securities and other instruments and contracts that are derived from or the value of which is related to one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark, currency or index at a fraction of the cost of investing in the underlying asset. There can be no assurance that derivatives that Luxor wishes to acquire for an Open-Ended Client account will be available at any particular times upon satisfactory terms or at all.

The value of a derivative is frequently difficult to determine and depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are “leveraged,” and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose the account to the possibility of a loss exceeding the original amount invested. Over-the-counter derivatives generally are not assignable except by agreement between the parties concerned, and no party or purchaser has any obligation to permit such assignments. In most instances, the over-the-counter market for derivatives is relatively illiquid. In the case of over-the-counter derivatives contracts, client accounts are subject to the credit risk of the counterparty. Luxor may take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent that such opportunities are both consistent with the investment objectives of its Open-Ended Client accounts and legally permissible. Special risks may apply to instruments that are invested in by Luxor in the future that cannot be determined at this time or until such instruments are developed or invested in by Luxor on behalf of its clients.

Options. Luxor may use a number of option strategies for Open-Ended Client accounts. Put options and call options typically have similar structural characteristics and operational mechanics regardless of the underlying instrument on which they are purchased or sold. A put option gives the purchaser of the option, upon payment of a premium, the right to sell, and the writer the obligation to buy, the underlying security, commodity, index, currency or other instrument at the exercise price. A call option, upon payment of a premium, gives the purchaser of the option the right to buy, and the seller the obligation to sell, the underlying instrument at the exercise price.

If a put or call option purchased by Luxor for a client account were permitted to expire without being sold or exercised, its premium would be lost by such account. The risk involved in writing a put option is that there could be a decrease in the market value of the underlying security. If this occurred, the option could be exercised and the underlying security would then be sold to the client at a higher price than its current market value. The risk involved in writing a call option is that there could be an increase in the market value of the underlying security. If this occurred, the option could be exercised and the underlying security would then be sold by the client at a lower price than its current market value. Purchasing and writing put and call options and, in particular, writing “uncovered” options are highly specialized activities and entail greater than ordinary investment risks.

Credit Default Swaps. Luxor may purchase and sell credit derivatives contracts – primarily credit default swaps – both for hedging and other purposes for Open-Ended Client accounts. The

typical credit default swap contract requires the seller to pay to the buyer, in the event that a particular reference entity experiences specified credit events, the difference between the notional amount of the contract and the value of a portfolio of securities issued by the reference entity that the buyer delivers to the seller. In return, the buyer agrees to make periodic payments equal to a fixed percentage of the notional amount of the contract. Luxor may also purchase and sell credit default swaps on a basket of reference entities as part of a synthetic collateralized debt obligation transaction.

As a buyer of credit default swaps, an Open-Ended Client account is subject to certain risks. In circumstances in which a client account does not own the debt securities that are deliverable under a credit default swap, such account is exposed to the risk that deliverable securities will not be available in the market, or will be available only at unfavorable prices, as would be the case in a so-called “short squeeze.” In certain instances of issuer defaults or restructurings, it has been unclear under the standard industry documentation for credit default swaps whether or not a “credit event” triggering the seller’s payment obligation had occurred. In either of these cases, the account would not be able to realize the full value of the credit default swap upon a default by the reference entity.

As a seller of credit default swaps, an Open-Ended Client incurs leveraged exposure to the credit of the reference entity and is subject to many of the same risks it would incur if it were holding debt securities issued by the reference entity. However, a client will not have any legal recourse against the reference entity and will not benefit from any collateral securing the reference entity’s debt obligations. In addition, the credit default swap buyer will have broad discretion to select which of the reference entity’s debt obligations to deliver to the client following a credit event and will likely choose the obligations with the lowest market value in order to maximize the payment obligations of the client.

Purchase of Distressed Securities, Etc. Luxor may purchase securities and other obligations of companies that are experiencing significant financial or business distress, including companies involved in bankruptcy or other reorganizations and liquidation proceedings for Open-Ended Client accounts. Although such investments may produce significant returns, they involve a high degree of risk over a potentially lengthy period of time, as well as less liquidity than many other investments. Investment in these types of securities requires sophisticated analysis, and there can be no assurance that Luxor will accurately predict various factors that could affect the prospects of a successful restructuring. Many of these investments ordinarily remain stagnant until the company reorganizes and/or emerges from bankruptcy proceedings, and, as a result, may have to be held for an extended period of time.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) established the Orderly Liquidation Authority (the “OLA”), a new insolvency regime for large, interconnected financial companies, including broker-dealers, whose failure poses a significant risk to the financial stability of the United States. Luxor may invest Open-Ended Client capital in such large, interconnected financial companies, and therefore such clients may face losses if such financial companies are put into receivership and then liquidated or reorganized upon a determination by the FDIC and the board of governors of the Federal Reserve. If a financial company becomes liquidated or reorganized by the OLA, Luxor’s investments in such a financial company could be adversely affected. Compared to bankruptcy proceedings, creditors, shareholders and contract counterparties will have less input into or advance notice about the liquidation or reorganization of the financial company. While the FDIC has outlined certain aspects of its strategy with respect to the OLA, many of the procedural rules for the OLA have

not yet been written, and it is unclear how financial companies that become subject to liquidation proceedings or reorganizations by the OLA will ultimately be affected.

Foreign Securities. Luxor may invest a portion of its Open-Ended Clients' assets in securities of companies domiciled or operating in one or more foreign countries. Investing in foreign securities involves considerations and possible risks not typically involved in investing in securities of companies domiciled and operating in the U.S., including instability of some foreign governments, acts of war or terrorism, the possibility of expropriation, limitations on the use or removal of funds or other assets, foreign currency risk, changes in governmental administration or economic or monetary policy (in the United States or abroad) or changed circumstances in dealings between nations. The application of foreign tax laws (*e.g.*, the imposition of withholding taxes on dividend or interest payments) or confiscatory taxation may also affect investment in foreign securities. Higher expenses may result from investment in foreign securities than would from investment in domestic securities because of the costs that must be incurred in connection with conversion between various currencies and foreign brokerage commissions that may be higher than in the U.S. Foreign securities markets also may be less liquid, more volatile and subject to less governmental supervision than in the U.S., including lack of uniform accounting, auditing and financial reporting standards and potential difficulties in enforcing contractual obligations.

Currency Transactions. Open-Ended Client accounts may incur costs in connection with conversions between various currencies. Foreign currency 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 currency to a client account at one rate, while offering a lesser rate of exchange should the account desire immediately to resell that currency to the dealer. Luxor will conduct its currency exchange transactions either on a spot (*i.e.*, cash) basis at the spot rate prevailing in the currency exchange market, or through entering into forward contracts to purchase or sell non-U.S. currencies.

Luxor may attempt to hedge the currency risk associated certain interests in private investment fund clients denominated in currencies other than the U.S. Dollar by using forward contracts and other available hedging techniques. However, there can be no guarantee that the hedges which Luxor utilizes will be effective. Such hedges will be for the account of, and the cost of such hedges will be allocated to, and shall be borne by, investors in such private investment fund clients holding the applicable class of interests denominated in a currency other than the U.S. Dollar.

Foreign Currency Counterparty Risk. Contracts in the foreign exchange market are not regulated by a regulatory agency, and such contracts are not guaranteed by an exchange or its clearing house. Consequently, there are no requirements with respect to record-keeping, financial responsibility or segregation of customer funds or positions. In contrast to exchange-traded futures contracts, interbank-traded instruments rely on the dealer or counterparty being contracted with to fulfill its contract. As a result, trading in interbank foreign exchange contracts may be subject to more risks than futures or options trading on regulated exchanges, including, but not limited to, the risk of default due to the failure of a counterparty with which an Open-Ended Client account has a forward contract. Although Luxor intends to trade with responsible counterparties, failure by a counterparty to fulfill its contractual obligations could expose Open-Ended Client accounts to unanticipated losses.

Commodity Trading. The prices of commodities and all derivative instruments, including futures and options prices, are highly volatile. Price movements of commodities, futures and options contracts are influenced by, among other things, changing supply and demand relationships, domestic and foreign governmental programs and policies, national and international political and economic events, interest rates and governmental monetary and exchange control programs and policies. Moreover, commodity exchanges limit fluctuations in commodity futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” During a single trading day, no trades may be executed at prices beyond the daily limit. Commodity futures prices have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent Luxor from promptly liquidating unfavorable positions and subject it to substantial losses. In addition, the Dodd-Frank Act significantly expands the Commodity Futures Trading Commission’s (the “CFTC”) authority to impose broader aggregate position limits.

Luxor is currently registered with the CFTC as a commodity pool operator and is currently registered with the National Futures Association (the “NFA”) in such capacity. With respect to certain of the private investment funds Luxor manages, Luxor has made an election under CFTC Regulation 4.7, and is relying on an exemption from registering with the CFTC as a commodity trading adviser. As a result of such exemptions, Luxor is exempt from most of the disclosure, recordkeeping and reporting requirements under the Commodity Exchange Act and regulations promulgated thereunder. Luxor also qualifies for exemption from the CFTC’s reporting and disclosure requirements with respect to certain other private investment funds managed by Luxor by virtue of CFTC Regulation 4.13(a)(3) on the basis that, among other things, Luxor only trades a *de minimis* amount of commodity futures for such private investment funds. Luxor may determine to rely on different exemptions with respect to the private investment funds it manages, if available, and in such case Luxor expects that it will remain exempt from complying with most of the disclosure, recordkeeping and reporting requirements under the Commodity Exchange Act and regulations promulgated thereunder.

Significant Positions; Shareholder Activism. Portfolio companies in which Luxor may invest Open-Ended Client assets could have a relatively small aggregate number of outstanding shares, so that an Open-Ended Client account, or an Open-Ended Client account together with other accounts managed by Luxor, may acquire (i) more than five percent (5%) of a class of securities of a single issuer which would require the filing of a Schedule 13D or 13G statement with the SEC, or (ii) more than ten percent (10%) of a class of securities of a single issuer (which would impose certain limitations on the account’s ability to trade in such securities, including the restrictions of Section 16 of the Securities Exchange Act of 1934, as amended). At times Luxor may engage in proxy contests, takeover bids, shareholder class actions or other litigation, or other activity which may place Luxor and Open-Ended Client accounts in a high-profile position which is adverse to issuer management and/or other security holders. Open-Ended Client accounts may, as a result of such techniques or otherwise, obtain a controlling or other substantial position in any public or private company. Client accounts may become subject to regulatory proceedings or other litigation.

Luxor’s ability to realize value from certain of its Open-Ended Client’s positions may depend upon the ability of Luxor to influence the management of a portfolio company to take certain actions, including, for example, a recapitalization, restructuring, spin-off, sale of the business or change in management. If Luxor is incorrect in its assessment of the impact such action will have on the value of the portfolio company, or if it is unsuccessful in persuading the portfolio

company's management to take the desired action, its Open-Ended Clients' accounts may sustain a loss on their positions.

Small-Cap Issuers. Luxor may invest a substantial portion of its Open-Ended Client assets in small and/or unseasoned companies. While smaller companies generally have potential for rapid growth, they often involve higher risks because they may lack the management experience, financial resources, product diversification, and competitive strength of larger companies. In addition, in many instances, the frequency and volume of their trading may be substantially less than is typical of larger companies. As a result, the securities of smaller companies may be subject to wider price fluctuations. When making large sales, Luxor may have to sell portfolio holdings at discounts from quoted prices or may have to make a series of small sales over an extended period of time due to the trading volume of smaller company securities.

Risk of Default or Bankruptcy of Third Parties. Luxor intends to engage in transactions for Open-Ended Client accounts in securities and financial instruments that involve counterparties. Under certain conditions, such Open-Ended Client accounts could suffer losses if a counterparty to a transaction were to default or if the market for certain securities and/or financial instruments were to become illiquid. In addition, such client accounts could suffer losses if there were a default or bankruptcy by certain other third parties, including brokerage firms and banks with which Luxor does business, or to which securities have been entrusted for custodial purposes. For example, if one of the account's prime brokers or custodians were to become insolvent or file for bankruptcy, such account could suffer significant losses with respect to any securities held by such firm.

Counterparty Risk. In addition to the foreign exchange market, other markets in which Luxor may effect transactions on behalf of Open-Ended Clients are "over-the-counter" or "interdealer" markets. The participants in such markets typically are not subject to the same credit evaluation and regulatory oversight as are members of "exchange-based" markets. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, might not be available in connection with such "over-the-counter" transactions. This exposes Luxor's Open-Ended Clients to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the client to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where Luxor has concentrated transactions on behalf of certain clients with a single or small group of counterparties. Luxor is not restricted from dealing with any particular counterparty or from concentrating any or all of its clients' transactions with one counterparty or a small number of counterparties. The ability of Luxor to transact business on behalf of a client with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by Luxor's clients.

Investing in securities involves risk of loss that clients and investors should be prepared to bear.

The risks inherent to the Primary Luxor Approach employed by Luxor, including but not limited to those listed above, are described in further detail in the respective confidential private offering documents for the private investment fund Open-Ended Clients.

Venture Approach

Methods of Analysis and Investment Strategies Generally with respect to the Venture Approach

With respect to the client for which Luxor employs the Venture Approach, Luxor generally focuses on early-stage venture capital investments and acquires investments through direct investments in private companies, negotiations with selling shareholders, and in organized secondary marketplaces for private securities. Luxor is currently focusing its Venture Approach on internet-related businesses that it believes have exceptional growth potential.

Luxor has developed a network of financial sponsor relationships as well as relationships with management teams, investment bankers, attorneys, and accountants that Luxor believes will provide it with access to substantial investment opportunities for the Venture Client. Luxor also employs a team of investment research professionals to assist Mr. Leone in originating, analyzing, and managing investments for the Venture Client.

Luxor expects to invest a substantial portion of Venture Client assets in securities that Luxor considers to be private venture capital investments. These private venture capital investments usually do not pay interest or dividends and typically are subject to legal or contractual restrictions on resale that may adversely affect the liquidity and marketability of such securities. Therefore, a significant portion of the Venture Client's investment portfolio will provide little or no income in the form of dividends or interest.

Certain Risks Associated with Luxor's Methods of Analysis and Investment Strategies with respect to the Venture Approach

The following is a list of certain material risks associated with Luxor's significant methods of analysis and investment strategies in the context of the Venture Approach.

Risk Inherent in Venture Capital Investments. The types of investments that Luxor anticipates making for the Venture Client involve a high degree of risk. In general, financial and operating risks confronting portfolio companies can be significant. A loss of client's entire capital contribution is possible. The timing of profit realization is highly uncertain. Losses are likely to occur early for Venture Client investments, while successes often require a long period of time for an investment to mature. An investment by Luxor for the Venture Client in a portfolio company will be highly speculative; the Venture Client may lose all of the monies invested in a portfolio company.

Early Stage Investments. Luxor primarily invests in privately-held, early stage companies for the Venture Client. These companies typically have no revenues and are not profitable. They require considerable additional capital to develop technologies and markets, acquire customers and achieve or maintain a competitive position. This capital may not be available at all, or on unacceptable terms. Further, the technologies and markets of such companies may not develop as anticipated, even after substantial expenditures of capital. Such companies may face intense competition, including competition from established companies with much greater financial resources, more extensive development, manufacturing, marketing and service capabilities, and a greater number of qualified managerial and technical personnel. Typically, although a client may be represented by a member of Luxor on a portfolio company's board of directors, each portfolio company will be managed by its own officers (who generally will not be affiliated with Luxor).

Portfolio companies may have substantial variations in operating results from period to period and experience failures or substantial declines in value at any stage.

Concentration of Investments. It is anticipated that the assets of the Venture Client will generally be concentrated in internet-related companies. There is no limit on the amount of the Venture Client's assets that may be invested in a single company, industry or sector. It is possible that a significant amount of the Venture Client's capital could be invested in the securities of one or only a few companies. The concentration of the Venture Client's portfolio in a small number of issuers or industries would subject the client to a greater degree of risk with respect to the failure of one or a few issuers or with respect to economic downturns in relation to such industries. In particular, losses incurred in investments in internet-related companies could have a material adverse effect on certain clients' overall financial condition and could significantly reduce a client's capital.

Internet Industry Risks. Market or economic factors impacting internet-related companies could have a major effect on the value of the Venture Client's investments. The value of these companies is particularly vulnerable to rapid changes in technological product cycles, frequent new service and product announcements, evolving industry standards, changes in government regulation and policies, loss or impairment of patents and other intellectual property, intense worldwide competition, restrictions on internet usage or access, damage to the internet infrastructure, obsolescence caused by scientific and technological advances, departure of key personnel and changing customer demand. The failure of an internet-related company to adapt to such changes could have a material adverse effect on the company's business, results of operations and financial condition. Technology securities, especially those of smaller, less seasoned companies, tend to be more volatile than the overall market. Products developed by internet-related companies may be commercially unsuccessful. Internet-related companies are heavily dependent on patents and other intellectual property, and there can be no assurance that the steps taken by internet-related companies to protect their proprietary rights will be adequate to prevent misappropriation of their technology, or that competitors will not independently develop technologies that are substantially equivalent or superior to such companies' technology. In addition, the widespread adoption of new internet, networking or telecommunications technologies or other technological changes could require substantial expenditures by an internet-related company to modify or adapt its services or infrastructure, which could have a material adverse effect on such company's business, results of operations and financial condition.

Despite the implementation of security measures, an internet-related company's website and networks may be vulnerable to unauthorized access, viruses and other disruptive problems. Internet-related companies have in the past experienced, and may in the future experience, losses as a result of natural disasters, telecommunications failures, power failures, other system failures, maintenance, viruses, hacking or other events. Unauthorized access could also potentially jeopardize the security of information stored in the computer systems of a company and subject the company to risk of loss, litigation and possible liability.

Internet-related companies are subject to general business regulations and laws, as well as regulations and laws specifically governing the internet and e-commerce. Existing and future laws and regulations may impede the growth of the internet or online services. There is, and will likely continue to be, an increasing number of laws and regulations pertaining to the internet, online commerce and cable, broadcast, broadband and telephone services covering taxation of internet usage and transactions, defamation, libel, privacy, data protection, pricing, content, liability for information retrieved from or transmitted over the internet, copyrights, distribution,

mobile communications, electronic contracts and other communications, consumer protection, the provision of online payment services, obscene or indecent communications, child protection, unencumbered internet access, the design and operation of websites, and the characteristics and quality of products and services. Unfavorable regulations and laws could diminish the demand for the products and services produced by internet-related companies, subject them to increased liability and increase costs, all of which could materially and adversely harm their business.

Availability of Investment Capital. Early-stage investments often require several rounds of capital infusions before the portfolio company reaches maturity. If an investor in the Venture Client does not have funds available to participate in subsequent rounds of financing, that shortfall may have a significant negative impact on both the portfolio company and the face value of such investor's capital contributions. Although it will be Luxor's policy to maintain sufficient liquidity to allow the Venture Client to participate in follow-on rounds of financings, Luxor does not intend to have the Venture Client provide all necessary follow-on financing. Accordingly, third-party sources of financing will be required. There is no assurance that such additional sources of financing will be available, or, if available, will be on terms beneficial to the Venture Client. Furthermore, the Venture Client's capital is limited and may not be adequate to protect such clients from dilution in multiple rounds of portfolio company financing.

Lack of Liquidity. The investment portfolio of the Venture Client will consist of investments in private companies. The marketability and value of each such investment will depend upon many factors beyond Luxor's control. Generally, the investments made by Luxor for the Venture Client will be illiquid and difficult to value, and there will be little or no collateral to protect an investment once made. At the time of an investment, a portfolio company may lack one or more key attributes (*e.g.*, proven technology, marketable product, complete management team, or strategic alliances) necessary for success. There may be no readily available market for the investments of the Venture Client, many of which will be difficult to value, and the disposal of an investment in a portfolio company by Luxor may be prohibited or delayed many years from the date of initial investment for legal and/or regulatory reasons. The public market for emerging growth companies is extremely volatile. Such volatility may adversely affect the development of portfolio companies, the ability of Luxor to dispose of the Venture Client's investments, and the value of investment securities on the date of sale or distribution by Luxor.

Risks of Certain Dispositions. In connection with the disposition of an investment in a portfolio company or otherwise, Luxor may be required to make representations on behalf of its clients about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business. It may also be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate, and under certain circumstances described in the governing agreement with the Venture Client, Luxor may make distributions of cash or securities to the investors in the Venture Client that remain subject to recall for the payment (in whole or in part) of such contingent liabilities. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the Venture Client's assets.

Non-Controlling Investments; Third Party Involvement. The Venture Client may hold a non-controlling interest in certain portfolio companies and, therefore, may have a limited ability to protect their position in such portfolio companies. However, as a condition to an investment in a portfolio company, it is expected that appropriate rights generally will be sought to protect the Venture Client's interests to the extent possible. There can be no assurance that such minority investor rights will be available.

In addition, Luxor may cause the Venture Client to co-invest with third parties through partnerships, joint ventures or other entities, which third parties may have larger or controlling ownership interests in or governance rights over such investment vehicles. Such investments may involve risks in connection with such third-party involvement, including the possibility that a third party may have financial difficulties resulting in a negative impact on such investments. Furthermore, a third-party co-investor may have economic or business interests or goals that are inconsistent with those of the Venture Client, or may be in a position to take (or block) action in a manner contrary to the Venture Client's investment objectives. In addition, the Venture Client may, in certain circumstances, be liable for the actions of its third-party co-investors. Investments made with third parties in joint ventures or other entities also may involve compensation arrangements, including carried interests distributions and/or other fees and profit-sharing arrangements payable to such third-party partners or co-investors. There can be no assurance that minority rights will be available or that such rights will provide sufficient protection of the Venture Client's interests.

Control Investments. Luxor may make control investments. These investments could expose the Venture Client to risk of liability for environmental damage, product defect, failure to supervise management, violation of governmental regulations and other types of liability, in which the limited liability characteristic of business operations may be ignored.

The Venture Client may also be exposed to risk in connection with the disposition of these investments. When disposing of these investments, Luxor may be required to make representations and warranties on behalf of the Venture Client about the business and financial affairs of the investments typical of those made in connection with the sale of any business, or may be responsible for the contents of disclosure documents under applicable securities law. The Venture Client may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations and warranties or disclosure documents turn out to be incorrect, inaccurate or misleading. These arrangements may result in contingent liabilities, which will be borne by the Venture Client.

Reliance on Third-Party Company Management. The day-to-day operations of each investment made for the Venture Client will be the responsibility of the relevant portfolio company's management team, which may include representatives of other financial investors with whom Luxor is not affiliated and whose interests may at times conflict with the interests of the clients. Although Luxor will be responsible for monitoring the performance of each investment and generally intends to invest in companies operated by strong management, Luxor will rely significantly on the management teams and board of directors of portfolio companies in which it invests. There can be no assurance that the existing management team of any investment for the Venture Client, or any successor thereto, will be able to operate the portfolio company in accordance with Luxor's expectations.

Provision of Managerial Assistance. Luxor, by virtue of the assets it manages for its clients, may obtain rights to participate substantially in and to influence substantially the conduct of the management of certain portfolio companies. Luxor may designate directors (and non-executive chairmen) to serve on the boards of directors of issuers. The designation of directors and other measures contemplated could expose the assets of the Venture Client to claims by a portfolio company, its security holders and its creditors. The provision of managerial assistance could expose the Venture Client to certain risks, including the risk of litigations. As a result, the Venture Client could suffer losses in its investments.

Competition for Investments. The activity of identifying, completing and realizing attractive investments involves a significant degree of uncertainty, and Luxor will compete with many other investors for the acquisition of investments. Such competition may come from groups such as institutional investors, investment managers, industrial groups, and merchant banks which have greater resources than Luxor and its clients and are owned by large and well-capitalized investors. There may be intense competition for investments of the type in which Luxor intends to invest for the Venture Client, and such competition may result in less favorable investment terms than would otherwise be the case. Luxor may be unable to find a sufficient number of attractive opportunities to meet its investment objectives. There can, therefore, be no assurance that investments made with the Venture Client's assets will meet all the investment objectives of the Venture Client, or that the Venture Client will be able to invest all of its available capital.

Expedited Transactions. Investment analyses and decisions by Luxor may be undertaken on an expedited basis in order to take advantage of investment opportunities for the Venture Client. In such cases, the information available to Luxor at the time of an investment decision may be limited, and Luxor may not have access to the detailed information necessary for a full evaluation of the investment opportunity. In addition, Luxor may rely upon independent consultants in connection with its evaluation of proposed investments. There can be no assurance that these consultants will accurately evaluate such investments.

Liquidity and Valuation of Investments. Luxor will invest in securities and other obligations that are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, for such securities and other obligations tend to be volatile and Luxor may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Because the markets for such securities are still evolving, liquidity in these securities is limited and liquidity with respect to lower-rated and unrated subordinated classes may be even more limited. As a result, calculating the fair market value of the Venture Client's holdings may be difficult and there can be no assurance that Luxor's valuation will accurately reflect the value that will be realized upon the eventual disposition of such investment. Luxor may not necessarily aggregate illiquid investments in classes, and may use valuation methodologies for such assets involving subjective determinations.

Investing in securities involves risk of loss that clients and investors should be prepared to bear.

The risks inherent to the Venture Approach employed by Luxor, including but not limited to those listed above, are described in further detail in the confidential private offering document for the Venture Client.

Item 9 Disciplinary Information

There have been no legal or disciplinary events that are material to a client's or prospective client's evaluation of Luxor's advisory business or the integrity of Luxor's management.

Item 10 Other Financial Industry Activities and AffiliationsCFTC/NFA Registration

Luxor is registered as a commodity pool operator with the CFTC and is a member of the NFA. Christian Leone is registered with the CFTC and the NFA as an associated person of Luxor.

Management of Affiliated Investment Funds

Luxor and its related persons manage a number of pooled investment vehicles which are deemed to be related persons of Luxor. These vehicles include Luxor Capital Partners, LP; Luxor Capital Partners Offshore, Ltd.; Luxor Capital Partners Offshore Master Fund, LP; Luxor Spectrum Offshore, Ltd.; Luxor Spectrum Offshore Master Fund, LP; Luxor Venture Partners, LP, Luxor Wavefront, LP; Thebes Partners, LP; Thebes Partners Offshore, Ltd.; Thebes Offshore Master Fund, LP; LCG Private Investment 1, LLC; and LCG Private Investment 2, LLC (collectively, the “Affiliated Funds”).

The management of multiple pooled investment vehicles may result in conflicts of interests when Luxor and its related persons allocate their time and investment opportunities among the Affiliated Funds and other clients. In addition, the compensation earned by Luxor and its related persons from each of the Affiliated Funds may differ from one another and other clients. Luxor and its related persons will generally follow documented procedures in allocating trades and investments among Affiliated Funds and other clients (*see Item 12 - “Allocation of Investment Opportunities” below*).

Subject to applicable law, Luxor may effect transactions (generally for rebalancing purposes and to correct misallocations of trades) among its clients (including certain of the Affiliated Funds) in which one client account will purchase securities from or sell securities to another client account (including Affiliated Funds in which Luxor or its related persons may have a significant interest). This may result in a conflict of interest because a potential transaction may result in benefits to one transacting party that may be greater than the benefits to the other transacting party. In order to mitigate such conflicts, such transactions shall be effected only when Luxor believes that such transactions are in the best interest of the applicable clients. Such transactions shall be effected for cash consideration, generally at the closing price of the particular security, and no brokerage commission or transfer fee shall be paid to Luxor or its related persons in connection with any such transaction. Such cross trades will typically be effected only among Open-Ended Clients.

In addition, except for cross trades to correct misallocations of trades among client accounts and for cross trades that are exempt from the prohibited transaction rules under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and the Internal Revenue Code of 1986, as amended (the “Code”), as provided by the Pension Protection Act of 2006, Luxor shall not effect any cross trades on behalf of any client account that constitutes “plan assets” under ERISA or the Code.

Mr. Leone (and/or other related persons) may have a greater portion of his personal assets invested in certain of the Affiliated Funds than in the others. As a result, Luxor may have a conflict of interest in allocating investment opportunities among the Affiliated Funds. Luxor and its related persons will generally follow documented procedures in allocating trades among such Affiliated Funds. (*See Item 12 - “Allocation of Investment Opportunities” below.*)

Affiliated Management Companies

LCG Holdings, LLC, LCG Private Management, LLC, LCG Private MM, LLC, and Luxor Venture Partners GP, LLC, each a Delaware limited liability company, are also principally owned (directly or indirectly) and controlled by Mr. Leone. LCG OC GP, LLC is also a Delaware limited liability company that is indirectly principally owned by Mr. Leone but is managed by its board of managers, a majority of which are not related to Luxor or Mr. Leone. These entities serve as the general partner or managing member to certain of the private investment funds managed by Luxor. LCG Holdings, LLC also serves as the commodity pool operator for certain of the private investment funds managed by Luxor. There are no material conflicts of interest resulting from the relationship between Luxor and these other investment advisers other than any conflicts described above.

Luxor may also allocate a portion of a client's capital to private investment funds and other accounts in which Mr. Leone and his affiliates may have an economic interest (*see Item 5 "Fees and Compensation" above*).

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

Luxor has adopted a Code of Ethics (the "Code of Ethics"). Luxor's Code of Ethics provides that Luxor is committed to conducting business in accordance with all applicable laws and regulations and in an ethical and professional manner. In addition, Luxor recognizes that it has a fiduciary duty to the investors in the private investment funds and other accounts managed by Luxor, and that all employees must conduct their business on behalf of Luxor in a manner that enables Luxor to fulfill this fiduciary duty. In this regard, Luxor has developed policies and procedures in its Code of Ethics that are premised on fundamental principles of openness, integrity, honesty and trust. In addition, among other things, the Code of Ethics governs all personal investment transactions by Luxor's employees, Luxor's policies with respect to gifts and entertainment, Luxor's policies with respect to political contributions, Luxor's general policy with respect to compliance with applicable federal securities laws, the manner in which violations of the Code of Ethics are to be reported, and certain other outside activities of Luxor's employees. Luxor will provide a copy of its Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions and Transactions between Client Accounts

Luxor recommends that prospective clients invest in the private investment funds managed by Luxor. Mr. Leone and other management persons have significant personal investments in these funds. In addition, Luxor and its affiliates receive performance-based fees and allocations (including carried interest allocations) from these funds.

Subject to applicable law, Luxor may effect transactions between certain client accounts (generally for rebalancing purposes and to correct misallocations of trades) whereby one client account will purchase securities from or sell securities to another client account (*see Item 10 above*).

In the event that Luxor effects a cross trade between an account in which it or its controlling persons own more than twenty five percent (25%) and another client account, such transaction

may be deemed to be a principal transaction under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Such transactions may create a conflict of interest for Luxor because Luxor may put its or its control persons’ interests in such accounts before the interests of its clients in the other account. In order to mitigate this conflict of interest, Luxor monitors the interests of the principals of Luxor, their immediate family members and their affiliates in its accounts, as well as the interests in the accounts of Luxor’s employees, on a monthly basis, and Luxor will not effect any cross trades between accounts if it believes that such trade would result in a principal transaction unless:

- 1) Luxor believes that such transaction is in the best interest of the clients participating in the transaction; and
- 2) Luxor obtains the consent of the applicable clients as required by the Advisers Act.

Personal Securities Trading by Luxor Personnel

Under the Code of Ethics, Luxor generally prohibits personal securities trading by all personnel, other than investing in registered open-end investment companies (*i.e.*, mutual funds), direct obligations of the Government of the U.S., bankers’ acceptances, bank certificates of deposit, commercial paper, short-term, high quality debt securities, including repurchase agreements, and such other money market or investment instruments as may be authorized by Luxor’s Chief Compliance Officer from time to time.

Notwithstanding the foregoing, Luxor’s personnel may, subject to black-out periods, (i) unwind positions acquired prior to their joining the firm or the implementation of Luxor’s no-trading policy and (ii) purchase or sell interests in exchange-traded funds (ETFs) and private investment funds, in each case, upon receiving prior written approval from Luxor’s Chief Compliance Officer. Additionally, Luxor personnel may transact in securities through non-discretionary accounts, provided that any such non-discretionary account has been approved by Luxor’s Chief Compliance Officer.

If there is limited availability to participate in an investment in a private investment fund in which Luxor personnel and one or more Luxor client accounts wish (and are able) to participate, the Luxor client accounts will be allocated the investment (subject to their respective investment mandates, risk and/or operating guidelines and available capacity and Luxor’s allocation policy – *see Item 12 - “Allocation of Investment Opportunities” below*) before Luxor personnel will be permitted to participate in the investment.

Timing of Transactions for Client Accounts and Affiliated Funds

Luxor may buy or sell securities for one client at the same time that it or its related persons buys or sells the same security for one or more other clients (including the Affiliated Funds which are related persons of Luxor). This will typically happen when more than one client is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. This may create a conflict of interest if one account may benefit from making the trade before or after the other account. Luxor will generally aggregate trades, subject to best execution, to avoid any such conflict of interest (*see Item 12 - “Aggregation of Orders”*).

Luxor personnel are generally subject to a no-trading policy, however they may be permitted to unwind existing securities positions (*see “Personal Securities Trading by Luxor Personnel” above*). In order to prevent Luxor personnel from selling securities at the same time that Luxor is buying or selling the same securities for its clients’ accounts, such personnel must receive the prior approval of Luxor’s Chief Compliance Officer and generally will not be permitted to:

- 1) engage in “front-running” of client accounts, which is a practice generally understood to be personally trading ahead of client accounts; or
- 2) sell a security that has been sold by a client account within the preceding three (3) days.

Item 12 Brokerage Practices

Selection of Brokers

In placing portfolio transactions for its clients with brokers, Luxor seeks to obtain the best execution for its clients’ accounts, taking into account the following factors: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; the firm’s risk in positioning a block of securities; the quality, comprehensiveness and frequency of available research services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying Luxor’s selection criteria.

Brokers sometimes suggest a level of business they would like to receive in return for the various services they provide. Luxor will not commit to provide any level of brokerage business to any broker, and 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 the considerations described above.

On a quarterly basis, Luxor’s trading review committee (which includes Luxor’s Chief Operating Officer, Chief Compliance Officer and representatives of the trading and operations teams) periodically evaluates the execution performance of the broker-dealers it uses to execute its relevant client transactions. The trading review committee also evaluates, and seeks to resolve, any conflicts of interest that Luxor may have in selecting brokers to execute client transactions.

Research and Other Soft Dollar Benefits

Luxor enters into soft dollar arrangements with brokers. Soft dollar arrangements arise when an investment adviser obtains products and services, other than securities execution, from a broker in return for directing client securities transactions to the broker. Soft dollar arrangements pose a conflict of interest for Luxor in that such arrangements allow Luxor to pay with client commissions expenses that would otherwise be borne by Luxor. When Luxor uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, Luxor receives a benefit because it does not have to produce or pay for the research, products or services. Luxor believes that this conflict is mitigated because applicable clients will generally pay for research as a “hard dollar” expense pursuant to their respective investment management agreements. Luxor may have an incentive to select a broker based on Luxor’s

interest in receiving the research or other products or services offered by such broker, rather than on its clients' interest in receiving most favorable execution.

When engaging in soft dollar transactions, Luxor complies with the safe harbor requirements of Section 28(e) of the Securities Exchange Act of 1934, as amended. Under this provision, in exercising its discretionary authority to select or arrange for the selection of brokers for execution of transactions for its clients, and, subject to its duty to obtain best execution, Luxor may consider the value of research and brokerage products and services (collectively, "Research") provided by such brokers. Research may include, among other things, proprietary research from brokers, which may be written or oral. Research products may include, among other things, databases and quotation services. Research services may include, among other things, research concerning market, economic and financial data, a particular aspect of economics or on the economy in general, statistical information, pricing data and availability of securities, financial publications, electronic market quotations, performance measurement services, analyses concerning specific securities, companies, industries or sectors, market, economic and financial studies and forecasts, appraisal services, and invitations to attend conferences or meetings with management or industry consultants. Accordingly, if Luxor determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and products or services provided by such broker, a client may pay commissions to such broker in an amount greater than the amount another broker might charge.

Research provided by such brokers may be used to service all client accounts and not exclusively in connection with the management of the client account that generated the particular soft dollar credits.

Where a product or service obtained with client commission dollars provides both research and non-research assistance to Luxor, Luxor will make a reasonable allocation of the cost which may be paid for with client commission dollars.

Luxor's prime brokers provide Luxor with front and back office services, including trading, securities lending, clearing, reporting, and settlement for equities, fixed income, foreign currency and options, among others. Subject to applicable law, prime brokers may also provide Luxor with capital introduction services.

Luxor executes securities transactions on behalf of certain client accounts with broker-dealers that provide Luxor with access to proprietary research reports (such as standard investment research and credit reports). To the best of Luxor's knowledge, these services are generally made available to all institutional investors doing business with such broker-dealers. These bundled services are made available to Luxor on an unsolicited basis and without regard to the rates of commissions charged or paid by client accounts or the volume of business that Luxor directs to such broker-dealers.

During Luxor's last fiscal year, Luxor and its affiliates acquired with client brokerage commissions (or markups or markdowns) (i) research, such as proprietary research from brokers, which may be written or oral; (ii) research products, such as databases and quotation services; and (iii) research services, such as research concerning market, economic and financial data; a particular aspect of economics or on the economy in general; statistical information; pricing data and availability of securities; financial publications; electronic market quotations; performance measurement services; analyses concerning specific securities, companies, industries or sectors;

market, economic and financial studies and forecasts; appraisal services; and invitations to attend conferences or meetings with management or industry consultants.

During Luxor's last fiscal year, Luxor has taken into account the quality, comprehensiveness and frequency of available research services and products considered to be of value provided by brokers when directing client transactions to a particular broker. Luxor directed transactions to such brokers only consistent with best execution. Brokers sometimes suggest a level of business they would like to receive in return for the research services and products they provide, however Luxor has not committed to provide any level of brokerage business to any broker. Luxor's trading review committee also evaluated, on a quarterly basis, the execution performance of the broker-dealers it uses to execute its client transactions and resolved any conflicts of interest that Luxor may have had in selecting brokers to execute client transactions.

Brokerage for Client Referrals

Subject to applicable law, Luxor may direct some client brokerage business to brokers who refer prospective investors to the private investment funds managed by Luxor, consistent with best execution. Because such referrals, if any, are likely to benefit Luxor but will provide an insignificant (if any) benefit to clients, Luxor will have a conflict of interest with its clients when allocating client brokerage business to a broker who has referred investors to a private investment fund managed by Luxor. To prevent client brokerage commissions from being used to pay investor referral fees, Luxor will not allocate client brokerage business to a referring broker unless Luxor determines in good faith that the commissions payable to such broker are not materially higher than those available from non-referring brokers offering services of substantially equal value to the client account.

Allocation of Investment Opportunities

Luxor generally allocates investment opportunities so that each security held by the accounts following a similar investment strategy is held on a pari passu basis. In certain circumstances, Luxor may allocate securities among client accounts on a different basis. In such situations, Luxor follows documented procedures in allocating investment opportunities among such client accounts. The factors that Luxor may consider when determining which securities to allocate to each client account include, but are not limited to, the investment objectives and restrictions of each client account; the overall portfolio composition of the client accounts; relative capital available for investment in the applicable client account; liquidity of the security; market capitalization and/or enterprise value of the underlying credit; position size; industry exposure; market exposure; gross, net, long and short exposure; and applicable tax considerations. In addition, certain client accounts managed by Luxor may have allocation priority if such account has an investment program more specifically targeted, and/or liquidity terms that are better suited, for a particular investment opportunity. For example the client account for which Luxor implements the Venture Approach, will typically have allocation priority with respect to investments that qualify as early-stage venture capital investments over client accounts for which Luxor implements the Primary Luxor Approach. New issues (as defined by FINRA rule 5130) are allocated to client accounts in accordance with the criteria set forth above.

Upon reaching the portfolio construction limitations and/or guidelines for its relevant clients, Luxor may from time to time offer individuals and entities (including, without limitation, the affiliates of Luxor, employees of Luxor or its affiliates, investors in accounts or private investment funds managed by Luxor and/or their respective affiliates) the right to co-invest in, or

provide financing to, certain investment opportunities in which one or more of Luxor's private investment fund clients have invested or that become available to such clients. Luxor follows documented procedures in allocating such co-investment opportunities among co-investors and client accounts.

Trade Error Policy

Subject to applicable law, Luxor will reimburse the applicable client account(s) for net losses that occur as a result of trade errors resulting from Luxor's gross negligence or willful misconduct. Notwithstanding the foregoing, Luxor reserves the right, with the approval of its Chief Compliance Officer, to reimburse the applicable account(s) for net losses that result from trade errors that fall within certain parameters established by Luxor from time to time. As of the end of each month, net gains or losses from trade errors are determined. Net losses are reimbursed monthly and net gains offset future losses in future months within the same calendar year.

Luxor may correct misallocations of trades among client accounts by re-allocating the applicable trade using the intended allocation methodology prior to the trade's settlement date. If an erroneous allocation cannot be corrected prior to or after settlement, Luxor may, if appropriate and subject to applicable law, correct such erroneous allocation by effecting a cross trade between applicable client accounts at the price at which the initial trade was effected.

Aggregation of Orders

Luxor will generally aggregate trades of participating clients (primarily Open-Ended Clients), subject to best execution. Aggregation, or "bunching," describes a procedure whereby an investment adviser combines the orders of two or more clients into a single order for the purpose of obtaining better prices and lower execution costs. Aggregation opportunities for Luxor generally arise when more than one client is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. In such event, securities purchased or sold will generally be allocated among participating client accounts on an average price basis. When an aggregated order is only partially filled, Luxor will allocate the investment opportunity as described above in this Item 12.

Luxor may also aggregate subsequent orders for the same security entered during the same day with any previously filled orders. This determination may take into consideration changes in the market price of the security and differences in allocations among accounts.

Item 13 Review of Accounts

Client portfolios are typically reviewed daily, and their performance analyzed, by Luxor's investment professionals, including, but not limited to, Christian Leone (Portfolio Manager), Michael Conboy (Director of Research) and members of the trading team. Client portfolios are also reviewed by members of the operations team and Adam Miller (Chief Operating Officer) to monitor compliance with the applicable trading mandate and any applicable risk and/or operating guidelines. The Chief Compliance Officer is also involved in the review of trading activity and account allocations. Client investments are evaluated based on performance, company fundamentals, news and press releases, analyst reports, general market conditions and such other considerations as Luxor deems appropriate.

Luxor may, in its discretion, furnish investors in the private investment funds that it manages with periodic written unaudited performance reports on a monthly or quarterly basis. On an annual basis, investors receive a copy of the relevant fund's annual audited financial statements and, where applicable, a statement of taxable income (form K-1).

Luxor and its affiliates have entered into "side letter" agreements pursuant to which they provide certain investors access to more frequent and/or more detailed information regarding the private investment funds' securities positions (including position level transparency on a monthly basis), performance, finances, and management and/or other information about the private investment funds or Luxor (including, notification of the commencement of certain disciplinary actions, legal proceedings, investigations or similar matters against a fund, Luxor and/or its personnel, or of redemptions from a fund by Luxor and/or its personnel), possibly enabling such investors to better assess the prospects and performance of the funds.

Luxor and its affiliates may also provide certain information to investors or prospective investors in response to questions and requests, and/or in connection with due diligence meetings or other communications. Such information will not be distributed to other investors and prospective investors who do not request such information. Each investor is responsible for asking such questions as it believes are necessary in order to make its own investment decisions and must decide for itself whether the limited information provided by Luxor is sufficient for its needs.

In the future, Luxor may provide the owners of separately managed accounts it may manage with periodic unaudited reports at such times as the owners of such accounts and Luxor agree. The custodians of such accounts may send account statements to the owners of such accounts no less frequently than monthly. In addition, since a managed account investor would directly own the positions in its separately managed account, such investor could have full, real-time transparency as to all transactions and holdings in such account, and may be better able to assess the future prospects of a portfolio that is substantially similar to the portfolios of the private investment funds managed by Luxor.

Item 14 Client Referrals and Other Compensation

Luxor does not receive any economic benefit from any person that is not a client in exchange for providing investment advice or other advisory services to its clients. Neither Luxor nor any of its related persons directly or indirectly compensates any person who is not a supervised person of Luxor for client referrals.

Item 15 Custody

As noted above in Item 13, owners of the separately managed accounts managed by Luxor may receive account statements no less frequently than monthly from the custodians of such accounts. Clients should carefully review these statements that are received from the custodians of such accounts.

Although Luxor is technically deemed to have custody of the assets of the funds managed by Luxor, investors in such funds receive audited financial statements in lieu of account statements from the funds' custodians.

Item 16 Investment Discretion

Luxor has discretionary authority to manage securities accounts on behalf of its clients. The investors in the private investment funds managed by Luxor generally may not place any limits on Luxor's authority beyond the limitations set forth in the offering and governing documents of such private investment funds. On a case by case basis, owners or managers of the separately management accounts managed by Luxor may negotiate certain risk and/or operating guidelines that Luxor will adhere to when exercising its discretionary authority over such accounts.

Certain of Luxor's traders and research analysts may have limited authority to place or execute orders subject to parameters established by the Portfolio Manager.

Item 17 Voting Client Securities

Luxor generally has voting discretion over securities held in its clients' accounts. Clients are generally not able to direct their votes in a particular situation. Luxor will exercise its discretion in the best interests of its clients. In fulfilling its obligations to clients, Luxor will act in a prudent and diligent manner intended to enhance the economic value of the securities. Luxor has adopted a proxy voting policy which is summarized below.

Luxor has retained Institutional Shareholder Services ("ISS") to provide research, vote execution, reporting, recordkeeping and reconciliation services. Luxor generally follows the voting guidelines established by ISS. Authorized investment management personnel, however, may override ISS recommendations on a case-by-case basis, provided that Luxor does not face a conflict of interest in voting such securities. Luxor conducts ongoing oversight of ISS to ensure that proxies are being voted in the best interests of Luxor's clients and the recommendations from ISS are not based on material factual errors. In addition, Luxor will periodically conduct an analysis to determine whether it believes ISS continues to have the capacity and competency to adequately analyze proxy issues.

While ISS has been retained to assist in voting the proxies of U.S. and non-U.S. issuers, it should be noted that voting proxies of foreign companies may involve a number of logistical problems that may have a detrimental effect on Luxor's ability to vote such proxies, *e.g.*, restrictions on a foreigner's ability to exercise votes or requirements to vote proxies in person. When facing logistical issues, Luxor will vote proxies on a best-efforts basis and may conduct a cost-benefit analysis to determine whether it is worth the cost involved to vote shares in such circumstances.

Luxor has adopted the voting guidelines of ISS. In votes determined by such guidelines, Luxor will generally follow the recommendations made by ISS, but retains the right to depart from such recommendations if it believes in a particular case that a vote in accordance with such guidelines would not be in the best interests of Luxor's clients. With respect to matters not determined by the voting guidelines and requiring case-by-case analysis, *e.g.*, mergers and corporate restructurings, Luxor will review the research and recommendations provided by ISS, but may independently perform research and reach its own conclusions as to what is in the best interests of Luxor's clients.

Luxor will maintain a "Proxy Conflicts Watch List" containing the names of issuers with respect to which Luxor has identified a conflict of interest. Such conflicts may arise, for example, from the following relationships:

- 1) the issuer is an investor in a fund or account managed by Luxor;
- 2) the issuer has a material business relationship with Luxor;
- 3) the proponent of a proxy proposal has a business relationship with Luxor (*e.g.*, the proponent is a pension plan for which Luxor manages money);
- 4) Luxor has material business relationships with candidates for director in a proxy contest; or
- 5) an employee of Luxor has a personal interest in the outcome of a particular matter.

This list provides examples of possible conflicts of interest and is not meant to be comprehensive. Each employee must notify Luxor's Chief Compliance Officer of any potential conflicts of interest of which he or she is aware, and the Chief Compliance Officer shall make a determination as to whether an item should be added to the Proxy Conflicts Watch List.

If Luxor is authorized to vote a proxy with respect to an issuer or a person or entity that appears on the Proxy Conflicts Watch List, Luxor shall rely exclusively on the recommendation of ISS.

Special considerations may apply in cases of conflicts of interest involving ERISA clients. Luxor will confer with appropriate ERISA counsel in such cases.

Clients and the investors in the private investment funds sponsored by Luxor may obtain a copy of Luxor's proxy voting policies upon request by contacting Luxor's Chief Compliance Officer. Further, separately managed account clients and the directors, general partners and managing members of the private investment funds sponsored by Luxor may obtain information regarding how Luxor voted the securities in the applicable client's account by contacting the Chief Compliance Officer.

Luxor has also retained ISS to monitor securities class action lawsuits in which the Luxor-managed funds may be eligible to participate. ISS will file claims on behalf of the funds and follow up on their status in jurisdictions which allow securities collective actions, provided that the actions meet certain specifications. For all claims that it files on behalf of the funds, ISS will process all checks and disbursements made by claims administrators. All proceeds will be allocated to existing investors in the relevant fund(s) and ISS is paid a flat subscription fee for its services.

Item 18 Financial Information

Luxor does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet for its most recent fiscal year.

Luxor is not aware of any financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

Item 19 Requirements for State-Registered Advisers

Luxor is not a State-Registered Adviser.