

Item 1 – Cover Page

Vermillion Asset Management, LLC

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Website- n/a

Date of this Brochure: March 15, 2011

This Brochure provides information about the qualifications and business practices of VERMILLION ASSET MANAGEMENT, LLC (the “Adviser”). If you have any questions about the contents of this Brochure, please contact us at 212 683-8816 or via email at investorrelations@vam.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

Additional information about VERMILLION ASSET MANAGEMENT, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 15, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Dorothy Gamber, Associate – Investor Relations at 212 683-8816 or via email at investorrelations@vam.com.

Additional information about Vermillion Asset Management, LLC is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with the Adviser who are registered, or are required to be registered, as investment adviser representatives of the Adviser.

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Item 4 – Advisory Business

- A. **General Description of Advisory Firm-** Vermillion Asset Management, LLC (the “Adviser”) is a Delaware limited liability company that provides investment advice to various private investment funds. The Adviser was founded in 2005. The Adviser’s principal owners are Andrew Gilbert and Chris Nygaard.
- B. **Description of Advisory Services-** The Adviser has particular expertise in commodities trading, including executing trading strategies in global commodities, physical commodities, volatility, equities and derivatives.
- As of the date hereof, the Adviser provides investment advice to the 13 private investment funds detailed below. Each of the private investment funds are herein referred to as a “Fund”, and collectively as the “Funds”. In addition, from time to time herein, the Funds may be referred to as “clients” of the Adviser.
- C. **Availability of Tailored Services for Individual Clients** – The Adviser does not generally tailor its advisory services to the individual needs of clients. All the Funds are managed by the Adviser on a discretionary basis. Each of the Funds has individual investment guidelines and objectives, as detailed in their respective offering memorandum (each, an “Offering Memorandum”, and collectively the “Offering Memoranda”). Once subscribed to a particular Fund, an investor has no ability to restrict the types of investments that the Adviser may make. Investors in the Funds are herein referred to as “Investors”.

The Funds that the Adviser currently manages are:

The Viridian Funds (collectively referred to herein as the “Viridian Funds”):

Viridian Fund, LP (“Viridian LP”) – onshore feeder fund into master fund Viridian, Ltd.

Viridian Fund, Ltd. (“Viridian Ltd”) – offshore feeder fund into master fund Viridian, Ltd.

Viridian, Ltd. – offshore master fund

The Indigo Funds (collectively referred to herein as the “Indigo Funds”):

Indigo Opportunity Fund, LP (“Indigo LP”) – onshore feeder fund into master fund Indigo Opportunity Ltd.

Indigo Opportunity Fund, Ltd (“Indigo Ltd”)- offshore feeder fund into master fund Indigo Opportunity Ltd.

Indigo Opportunity Ltd. – master fund

The Celadon Funds (collectively referred to herein as the “Celadon Funds”)

Celadon Commodities Fund, LP (“Celadon LP”) – onshore feeder fund into master fund Celadon Commodities, Ltd.

Celadon Commodities Fund, Ltd. (“Celadon Ltd”) – offshore feeder fund into master fund Celadon Commodities, Ltd.

Celadon Commodities, Ltd. – master fund

The Crimson Funds (collectively referred to herein as the “Crimson Funds”)

Crimson Physical Commodities Fund, LP (“Crimson LP”) – onshore feeder fund into master fund Crimson Physical Commodities, Ltd.

Crimson Physical Commodities Fund, Ltd. (“Crimson Ltd”) – offshore feeder fund into master fund Crimson Physical, Ltd.

Crimson Physical Commodities, Ltd. – master fund

The Ultraviolet Fund (referred to herein as the “Ultraviolet Fund”)

Ultraviolet Fund LLC (“Ultraviolet”) – proprietary fund for employees of the Adviser (not yet active).

D. **Wrap Fee Programs**- The Adviser does not participate in wrap fee programs.

E. **Client Assets Under Management**- As of January 31, 2011, the amount of client assets that the Adviser managed on a discretionary basis was approximately \$1,783,100,000. The Adviser manages no assets on a non-discretionary basis.

Item 5 – Fees and Compensation

A. **Advisory Fees and Compensation**- Since the Investors in the Funds must be “qualified purchasers” as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, the Adviser is not required to provide a fee schedule in response to this question.

- B. Payment of Fees-** Fees charged are deducted from Investor accounts. Investors are not separately billed for fees charged. Management fees are calculated and accrued monthly and payable quarterly. If an Investor makes a contribution to, or a withdrawal from, a Fund on a date other than the end of a calendar quarter, the management fee is pro-rated. Performance (incentive) fees are calculated and payable annually (unless an Investor redeems during the year, in which case such fees are payable at the time of redemption). See Item 6 for additional information related to performance fees.

An Investor's monthly account statement shows an investor's holdings in the Fund net of all fees and expenses.

- C. Other Fees and Expenses-** Various operational and organizational expenses may also be charged to the Funds. These include:

- (a) all taxes imposed on a Fund (or that a Fund is required to withhold or pay with respect to any of its Investors);
- (b) all brokerage fees and commission expenses or other expenses of transactions engaged in by a Fund;
- (c) all commitment fees and interest charged on debit balances and monies borrowed in connection with a Fund including, without limitation, positions held on margin;
- (d) all auditing expenses incurred in connection with a Fund and the preparation of tax returns;
- (e) all legal fees and expenses;
- (f) all accounting fees and expenses;
- (g) research fees and expenses, including research-related travel;
- (h) all administration fees and expenses;
- (i) all custody charges;
- (j) the expense of errors and omissions and other appropriate insurance coverage with respect to a Fund and its management and operations;
- (k) all expenses not in the ordinary course of business incurred in connection with the operation of a Fund, including, without limitation, (A) litigation expenses, including expenses of litigation and settlement in connection with any portfolio investment, (B) expenses of registering a Fund (but not the Adviser or any of its affiliates) with any federal or state agency under the requirements of any applicable law, including without limitation, the Investment Company Act, and (C) expenses incurred in connection with the indemnification of the Adviser and any other of its employees or

affiliates; and (l) all fees and costs payable in connection with preparing and mailing reports to Investors, and other ordinary and out-of-pocket expenses of a Fund. In addition, for so long as a feeder fund maintains its investment in its master fund, such feeder fund will bear its *pro rata* portion of the expenses incurred by the master fund.

As noted above, Investors in the Funds also incur brokerage and other transaction costs because the Funds pay those fees from Fund assets. Each Offering Memoranda discusses these brokerage and transaction costs, including factors related to how brokers are selected, under the section entitled “Brokerage”. Item 12 also further describes the factors that the Adviser considers in selecting or recommending broker-dealers for transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

- D. Prepayment of Fees** – Management fees for the Funds are typically paid in arrears, however, at the discretion of the Adviser (or its affiliate), these fees may be paid prior to full accrual for greater operational efficiency. As noted in Item 5(B) above, management fees are calculated and accrued monthly and payable quarterly. Once charged to an investor’s account, there is no refund of any of the fees and expenses that have been charged. Note that the performance fee is not paid in advance.
- E. Additional Compensation and Conflicts of Interest** - No supervised person of the Adviser accepts compensation for the sale of securities or investment products to the Funds. Note that the Adviser has an investor relations team that receives discretionary compensation based in part on assets raised from new Investors in the Funds.

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

The Adviser does charge to all Investors in its Funds performance-based fees (sometimes called an “incentive fee” or “incentive allocation”). Some of the Adviser’s investment personnel receive compensation that includes a performance-based component. The Adviser has no Funds that are being charged a different type of fee.

When an Adviser and its investment personnel manage more than one client account, a potential exists for one client account to be favored over another client account. In addition, the Adviser and its investment personnel have a greater incentive to favor the client accounts that pay the Adviser (and indirectly its investment personnel) higher performance-based fees.

The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts and the allocation of investment opportunities. The Adviser closely monitors the allocation of investment opportunity to ensure that all clients are treated fairly and

equally, including reviews of account performance at its daily review of risk reports by members of the Risk Committee and quarterly Pricing and Allocation Committee (PAC) meetings. See Item 11 for further discussion of the Adviser's allocation policy.

Item 7 – Types of Clients

The Adviser provides investment advice only to private investment funds and from time to time, separately managed accounts (whose beneficial owners may be, for example, pension plans, trusts or investment companies). The minimum initial investment in the Funds is \$1,000,000, subject to waiver, reduction, or increase by the General Partner, or the Board of the Directors, as the case may be, (but in no event will the minimum be less than \$100,000 for the offshore feeder funds). Separately managed accounts would have individually negotiated minimum investment requirements. There are no minimums to maintain an investment in the Funds. Certain employees of the Adviser may invest in the Funds at less than minimum requirement.

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

A. Methods of Analysis and Investment Strategies.

Broadly, the Adviser's methods and strategies attempt to extract substantial risk-adjusted returns in the commodity space by executing trading strategies in global commodities, physical commodities, volatility, equities, and derivatives. The Adviser specializes in trading a broad range of physical, exchange-traded and over-the counter commodities, derivatives, futures, options as well as debt and equity securities.

The Adviser's methodology utilizes analysis and research on the underlying economic factors that affect supply and demand in commodity interests and securities over time, as well as in different geographic locations. The Adviser utilizes quantitative and fundamental analysis of securities and derivatives to locate inefficiencies within their related markets. The Adviser monitors related commodity interest prices, securities prices, as well as their respective physical prices and basis levels in different geographies and compares them to calculated theoretical fair values of the same. Each trading opportunity is analyzed through a variety of filters, including fundamental analysis of the commodities involved, historical spread price analysis, cyclical statistical analysis, seasonal analysis, correlation analysis and futures and forwards curves.

In addition, for all of the Funds except the Indigo Funds, the Adviser has the ability to make and take delivery of physical commodities, the ability to transport physical commodities as well as negotiate storage of the same, and the ability to trade OTC forward contracts in commodities (both priced and unpriced). It is both willing and able to trade front-month futures within the delivery period and thereby take advantage of extreme seasonal moves in price and inventory aberrations. Further, it is able to be the exporter of record of commodities and thereby make use of government export subsidies when available.

As noted above, the Adviser's four Fund groups are focused on the commodities space. The Viridian Funds are relative value commodity funds. The Indigo Funds are systematically managed commodities managed futures funds. The Celadon Funds are enhanced-beta commodities funds. The Crimson Funds are long-biased physical commodities funds. Please see the Offering Memoranda for a full description of investment strategies utilized for a particular Fund.

The Ultraviolet Fund is a multi-strategy fund (however it is not yet operational).

Investing in the Funds is highly speculative and involves risk of loss that Investors should be prepared to bear. The Funds are designed only for sophisticated persons who are able to bear the economic risk of the loss of all or a portion of their investment. There is no guarantee that investment objectives will be achieved.

B, C. Material Risks of the Adviser's Investment Strategies, Methods of Analysis and Types of Securities.

Investing in commodities, securities, futures, options and other derivatives is extremely speculative and clients can lose their entire investment. Such investments fluctuate in value on the basis of numerous factors, sometimes unrelated to the value or characteristics of the particular financial instrument or issuer, and those fluctuations can be pronounced and difficult to predict.

All investments risk the loss of capital. The nature of the commodity interests and securities to be purchased and traded by the Adviser on behalf of the Funds and the investment techniques and strategies to be employed by the Adviser may increase such risk. The identification of trading opportunities to enhance returns is a difficult task, and there can be no assurance that such opportunities will be successfully recognized. While the Adviser will devote its best efforts to the management of all the Funds' portfolios, there can be no assurance that the Fund(s) will not incur losses. Returns generated from a Fund's investments may not adequately compensate Investors for the business and financial risks assumed. An Investor

should be aware that it may lose all or part of its investment. Many unforeseeable events, including actions by various government agencies and domestic and international economic and political developments, may cause sharp fluctuations in the market that could adversely affect each Fund's portfolio and performance.

Some of the principal material risks of the Funds are summarized below. Please carefully read the Offering Memoranda for a full description of risk factors relevant to each Fund.

- A principal feature of all of the Funds' investment strategy (except the Indigo Funds) is acquiring and holding a portfolio of **physical commodities**. Accepting delivery of physical commodities entails risks that are not faced by commodities trading funds that limit their investments to futures contracts, options on futures and other derivatives. These risks include substandard quality, infestation, degradation, spoilage and shrinkage, for example, as well as fraud, documentation errors, storage, transportation, and insurance. The Adviser, on behalf of the Funds maintains property insurance to cover the risk of loss or damage to the physical commodities and believes it is able to manage other risks presented by accepting physical delivery. However, losses may be incurred, and the physical aspect of the commodities may result in delays in the liquidation of the commodities as there can be no assurance of a readily liquid market for such commodities.
- **Prices of commodity futures contracts** are affected by a wide variety of complex factors that are difficult to predict, such as changes in supply and demand relationships (whether actual, perceived, anticipated, unanticipated or unrealized); governmental activities, regulations and programs, whether affecting trade, fiscal, monetary, exchange control or other elements of policy; domestic and foreign political and economic events and policies; weather; disease; pestilence; technological developments; changes in interest rates; inflation rates; currency devaluations and revaluations; and the current or spot prices of the underlying physical commodities which may also move in an unpredictable manner. All of these factors contribute to the inherent volatility of the marketplace. Futures contracts require the deposit of margin (that is, cash investments that are good faith deposits and that act like a performance bond). Under normal circumstances, margin requirements range from about 4 percent to 20 percent of the value of the futures contract, and changes in the market price of the futures contract will increase or decrease the margin required. Moreover, it is not always possible to execute a buy or sell order at the desired price either due to market conditions or limits on positions and/or daily price fluctuations imposed by exchanges and approved by the CFTC. When the market price of a futures contract reaches its daily price fluctuation limit, no trades or only a limited number of trades can be executed. The holder of a futures contract may be locked into an adverse price movement and could lose considerably more than the deposited margin. Another instance of

difficult or impossible execution occurs in thinly traded markets or markets that lack sufficient trading liquidity.

- The **freight derivatives market** is much newer and less well-developed than other more established commodities futures markets and, accordingly, presents greater credit, liquidity and clearing risks than such other markets.
- The Adviser may trade commodities and securities by utilizing **leverage**. Leveraged investments, including any purchase or sale of commodities or securities on margin, may result in losses in excess of the amount invested. A relatively small price movement in a commodity interest or security that is acquired on a leveraged basis may result in immediate and substantial losses. In addition, trading on margin will result in interest charges that may be substantial. Consequently, the level of interest rates generally, and the rates at which a Fund can borrow in particular, will affect the operating results.
- The Adviser may utilize **short-term margin borrowings** which can result in certain additional risks. For example, should the assets pledged to brokers to secure a Fund's margin account decline in value, the Fund could be subject to a "margin call," pursuant to which the Fund must either deposit additional funds with the broker, or suffer mandatory liquidation of the pledged assets to compensate for the decline in value. In the event of a sudden and precipitous drop in a Fund's assets, the Fund might not be able to liquidate assets quickly enough to pay off its margin debt. In the forward, currency and certain other derivative markets, margin deposits may be even lower or not required at all. Such low margin deposits are indicative of the fact that any trading in these markets typically is accompanied by a high degree of leverage. Low margin deposits mean that a relatively small adverse price movement in a futures or forward contract may result in immediate and substantial losses to the investor.
- The Adviser may engage in **short selling**. Selling securities short runs the risk of losing an amount greater than the amount invested. Short selling is subject to theoretically unlimited risk of loss because there is no limit on how much the price of the stock may appreciate before the short position is closed.
- **Incorrect judgments** by the Adviser, either with respect to its construction of a Fund's portfolio of physical commodities, its opportunistic trading strategies or the general direction of the financial markets or particular commodities or securities, could cause a Fund to fail to achieve its objective and suffer losses.
- The use of **futures, forward, spot and options trading** presents particular risks and are considered more speculative than certain types of equity investing. Particular risks include, but are not limited to, counterparty risk, liquidity risk and

dependence on the skills of the Adviser to correctly assess the market for these instruments.

- The **regulation** of futures, forward, spot and option trading in the United States and other countries is a constantly changing area of the law. While not anticipated, changes could occur that have a material adverse effect on a Fund or the markets in which it trades. Trading on foreign exchanges and in foreign markets may involve certain risks not applicable to trading in the United States, such as expropriation, burdensome or confiscatory taxation, moratoriums, exchange and investment controls and political events.
- The Funds **do not make distributions** and are not suitable for Investors seeking current income.

Note that the Adviser has in place policies and procedures to address risk. These include: a daily meeting of the Risk Committee, and quarterly meeting of the Pricing and Allocation Committee. The Adviser retains an on-site risk management consultant, who produces daily risk reports and continually monitors all the Funds.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the Adviser or the integrity of the Adviser's management. The Adviser has no disclosures to make in this regard about any of its management persons or employees. The Adviser itself made a settlement payment in 2009 to the Chicago Mercantile Exchange (CME) of \$10,000 for exceeding position limits on two separate occasions. In March, 2009, the Adviser exceeded the speculative position limits for lean hog futures and in April, 2009, the Adviser exceeded the spot month position limit for lean hog futures. The Adviser has instituted corrective procedures to better monitor position limits and does not believe that the payment of \$10,000 is material to the Adviser.

Item 10 – Other Financial Industry Activities and Affiliations

- A. Neither the Adviser nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Adviser nor any of its management persons are registered, or have an application pending to register, as a future commission merchant, commodity pool operator, a commodity trading advisor, or as an associated person of any of the

foregoing. While all the Funds are deemed to be commodity pools under the Commodity Exchange Act, and the Adviser (or its affiliate acting as general partner of a Fund) acts as the commodity pool operator of the Funds, the Adviser (or its general partner affiliates) have claimed an exemption from commodity pool operator registration under CFTC Rule 4.13(a)(4). As a result of claiming the exemption, the Adviser (or its general partner affiliates) is not required to comply with the disclosure, reporting and recordkeeping requirements generally applicable to registered commodity pool operators, including delivery to Investors of a disclosure document and a certified annual report designed to meet CFTC requirements. In addition, the Adviser acts as a commodity trading advisor to the Funds, but has claimed an exemption from registration as such under CFTC Rule 4.14(a)(8).

- C. Neither the Adviser nor its management persons have any relationships or arrangements material to its advisory business with any of related persons that it has to disclose.
- D. The Adviser does not recommend or select other investment advisers for its clients.

Item 11 – Code of Ethics

- A. **Code of Ethics-** The Adviser has adopted a Code of Ethics (contained in its Compliance Manual) pursuant to SEC Rule 204A-1 for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics and Compliance Manual include provisions relating to, among other things: confidentiality of client information; prohibitions on insider trading, “pay-to-play” and rumor mongering; restrictions on the acceptance of significant gifts; reporting of certain gifts, outside activities and political contributions; and personal securities trading procedures. All supervised persons at the Adviser must acknowledge the terms of the Code of Ethics and the Compliance Manual annually. The Adviser’s Investors or prospective Investors may request a copy of the firm’s Code of Ethics and excerpts of the Compliance Manual. Please contact the Adviser at 212 683-8816 or via email at investorrelations@vam.com if you would like to request a copy.

B. Transactions in Securities where Adviser has Material Financial Interest – Neither the Adviser nor any of its related persons recommend to the Funds, or buy or sell for the Funds, securities in which the Adviser has a material financial interest. Please note however that principals of the Adviser as well as other key employees of

the Adviser maintain substantial investments in Viridian LP, and Crimson LP so in this regard, the Adviser may be recommending securities in which it does have a material financial interest.

Specifically, neither the Adviser nor any of its related persons buy or sell securities to or from the Funds as principal (a “principal transaction”). In the event such transactions would be contemplated by the Adviser, prior to undertaking a “principal transaction”, the Adviser will only complete such a transaction in accordance with the requirements of Section 206(3) of the Advisers Act. All potential principal transactions are brought to the attention of the Chief Compliance Officer prior to execution so that the proper course of action can be determined.

Except for the “master funds”, which act as the investing entity for their respective “feeder funds”, neither the Adviser nor any of its related persons act as a general partner in a Fund in which other Funds are solicited to invest. Also note that the Viridian, Ltd. is the majority Investor in Indigo Opportunity Ltd. Neither the Adviser nor any of its related persons act as an investment adviser to an investment company that it recommends to the Funds.

C, D. Investing in Securities Recommended to Clients; Contemporaneous Trading - The Adviser has no proprietary trading accounts and therefore would not invest in the same (or related) securities that the Funds are invested in. The Ultraviolet Fund, when it becomes operational, may invest in the same (or related) securities that the Funds are invested in on behalf of its employees, who will be the sole investors in this Fund.

Regarding employees’ personal account trading, except for exchange-traded funds (which require pre-clearance), employees are prohibited from transacting for their own accounts in: (i) any “covered securities” issued by a company that the Adviser is analyzing or recommending for transactions in the Funds, or (ii) any “covered securities” issued by a company which are currently held in the portfolio of any of the Funds, or (iii) any security of any issuer listed on the Adviser’s restricted list; provided however that, if the employee owned the position at the time they began their employment with the Investment Manager, they will be allowed to close the position(s) so long as the proposed transaction, in the sole opinion of the firm’s Chief Compliance Officer, will not materially impact the performance of the Funds. All transactions in “covered securities” (if not prohibited) require pre-clearance by the Chief Compliance Officer. The term “covered securities” is defined in the Code of Ethics and has the meaning assigned to it under SEC regulations.

As mentioned above, under the Code of Ethics, exchange-traded funds (ETF) may be traded by employees upon pre-clearance by the CCO, even if the Funds maintain the same position, based upon a determination by the CCO that such trades would not materially interfere with the best interest of clients. Therefore, there is a possibility (although remote) that employees might benefit from market activity by a Fund in an ETF which is also held by an employee.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of the Adviser will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Employee trading is monitored every month to ensure compliance with the Code of Ethics.

The Adviser does not permit the execution of internal cross-transactions, i.e., one Fund selling securities to another Fund.

Allocation of trades amongst all Funds for which the purchase or sale of any particular security might be appropriate will be made by the Adviser in a fair and equitable manner in light of relevant investment considerations. In general, except as may be otherwise stated in a Fund's Offering Memoranda, purchases and sales that are deemed appropriate for two or more Funds or accounts that have substantially similar investment objectives and risk profiles will be allocated amongst those Funds pro rata in accordance with relative net assets under management (subject to rounding), after taking into account relative liquidity of each Fund and the particular security in question.

The Adviser will avoid positional conflicts in different Funds, except in circumstances where positions are taken to fulfill a specific mandate of the Fund. Thus, adverse or conflicting positions will not be taken in two client accounts, each of which is managed to achieve a high absolute return; but conflicting positions may be taken in two client accounts without violating this policy when one account has the objective of achieving a high absolute return while the other has an objective of replicating the return of a specified securities or commodities index.

Item 12 – Brokerage Practices

- A. **Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions** - The Investment Adviser has authority to determine, without obtaining specific consent of Investors, the securities to be bought or sold (and the

amounts thereof) on behalf of the Funds and Separate Accounts. The Adviser is authorized to determine the broker or dealer to be used in each security transaction. As a general matter in executing portfolio transactions, the Adviser may employ or deal with such brokers or dealers as may, in the Adviser's best judgment, provide prompt and reliable execution of the transaction at favorable prices and reasonable commission rates.

In making a determination as to which broker or dealer to utilize for a particular transaction, the Adviser may consider a number of factors, including, without limitation:

- 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 and the efficiency of error resolution;
- taking into account the size of order and difficulty of execution;
- the financial strength, integrity and stability of the broker;
- special execution capabilities;
- clearance;
- settlement;
- reputation;
- on-line pricing;
- block trading and block positioning capabilities;
- willingness to execute related or unrelated difficult transactions in the future;
- order of call;
- on-line access to computerized data regarding clients' accounts;
- performance measurement data;
- the quality, comprehensiveness and frequency of available research and related services considered to be of value;
- the availability of stocks to borrow for short trades and the competitiveness of commission rates in comparison with other brokers satisfying the Firm's other selection criteria.

The Firm is not required to weigh any of these factors equally.

While the price of a commission is a factor that the Adviser considers, it does not necessarily always pay the lowest commission price available for each trade. In all cases, in directing brokerage, the Adviser must conclude that the commissions paid are reasonable in relation to the value of the brokerage and/or research services provided by the broker-dealer, viewed in terms of either the particular transaction or the Adviser's overall responsibilities with respect to the Funds.

A.1. Research and Other Soft Dollar Benefits- Although it currently does not do so, the Adviser may, if it so chooses, utilize “soft dollar” credits generated by brokerage of the Fund to pay for research or brokerage services under the “safe harbor” provided by Section 28(e) of the U.S. Securities and Exchange Act of 1934, as amended.

- a. In the event the Adviser were to utilize “soft dollars” as described above, it would receive a benefit because it would not have to produce or pay for the research, products or services.
- b. In the event the Adviser were to utilize “soft dollars” as described above, it may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than on the clients’ interest in receiving most favorable execution.
- c. In the event the Adviser were to utilize “soft dollars” as described above, this practice may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for “soft dollar” benefits (known as “paying-up”).
- d. In the event the Adviser were to utilize “soft dollars” as described above, the “soft dollars” generated by one client’s account may be used by the Adviser to service that account as well as others and that “soft dollar” benefits possibly may be applied disproportionately to the soft dollar credits that an account generates.
- e. During the past fiscal year, neither the Adviser nor any of its related persons acquired any products and services with client brokerage commissions (or markups or markdowns).
- f. During the past fiscal year, the Adviser did not direct any client transactions to a particular broker-dealer in return for “soft dollar” benefits.

Note that the Adviser presently does not utilize “soft dollars”.

A2. Brokerage for Client Referrals- The Adviser does not consider, in selecting or recommending broker-dealers, whether it or a related person receives client referrals from a broker-dealer or third party.

A3. Directed Brokerage-

- a. The Adviser does not recommend, request or require that a client direct it to execute transactions through a specified broker-dealer (“directed brokerage”).

- b. The Adviser does not permit a client to direct brokerage.

B. Order Aggregation- In general, the Adviser will execute trades on an aggregated basis only on behalf of two Funds with substantially similar mandates (i.e., investment strategy, risk profile). If the same security is being ordered for two Funds that do not have the same mandate, then the Adviser will generally not aggregate the orders. This may result in higher costs to the Funds.

In the instances where an order is aggregated, before entering such an aggregated order, the employees trading on behalf of the Funds will document the participating Funds and how the order will be allocated among those Funds. Aggregated orders will be executed in order to negotiate more favorable commission rates or other transaction costs that might have otherwise been paid on separate orders. The Adviser will only aggregate orders that are consistent with its duty to obtain best execution and if the terms of the investment guidelines and restrictions of each Fund allow for the trades to be aggregated.

Each Fund that participates in an aggregated order will participate at the average price for all of the Adviser's transactions in that security on a given business day, with transaction costs shared pro rata according to each Fund's participation in the transaction. The Adviser shall maintain records listing all aggregated orders. This aggregation policy does not apply to the trading of futures.

Item 13 – Review of Accounts

- A. Frequency and Nature of Review-** The Funds are actively managed by their respective Portfolio Managers through daily position sizing evaluations, liquidity reviews, hedging adjustments and overall maintenance of the stated portfolio and risk parameters. Analysts continually evaluate the different equivalent markets, arbitrages and most profitable trade exits that are available on an inter-market and intra-market basis. In addition, there is a Risk Committee composed of principals of the Adviser that review overall and individual position risk on a daily basis, utilizing third party risk management software as well as internally developed models. A quarterly Pricing and Allocation Committee (PAC) meeting is held to provide oversight over trading for all Funds. The PAC is composed of the two co-founders of the Adviser as well as the Chief Operating Officer/Chief Compliance Officer.
- B. Factors Prompting a Non-Periodic Review of Accounts-** The Funds are actively managed and are reviewed continuously throughout the trading day. Fund portfolios are not reviewed only on a periodic basis.

- C. **Content and Frequency of Regular Account Reports-** Reports provided for all Funds – (i) audited financial statements within approximately one hundred twenty (120) days after the end of each fiscal year, (ii) information necessary to the preparation of a tax return, and (iii) a monthly statement regarding their account from the Funds’ administrator.

All reports are written (although some may be delivered electronically).

Item 14 – Client Referrals and Other Compensation

- A. **Economic Benefits Received from Non-Clients for Providing Services to Clients-** The Adviser has no arrangements whereby a party who is not a client compensates or otherwise provides an economic benefit to the Adviser for providing investment advice.
- B. **Compensation to Non-Supervised Persons for Client Referrals-** Neither the Adviser nor any of its related persons directly or indirectly compensate any person who is not a supervised person for client referrals. The Adviser does not employ any solicitors, third-party placement agents or otherwise directly or indirectly compensate any person who is not a supervised person for client referrals.

Item 15 – Custody

The Adviser has “custody” of client assets for purposes of Rule 206(4)-2 of the Investment Advisers Act of 1940. All client assets are maintained at a “qualified custodian”. As noted above in Item 13, the administrator sends monthly statements directly to clients. The custodian is not required to send separate statements to Investors for the Funds because as pooled investment vehicles that undergo a timely annual audit within 120 days after fiscal year end by a PCAOB auditor, they are subject to an exception to this requirement.

Item 16 – Investment Discretion

The Adviser has discretionary authority from the outset of its advisory relationship with each Fund to select the identity and amount of securities to be bought or sold for its portfolio. In all cases, however, such discretion is exercised by the Adviser in a manner consistent with the stated investment objectives and guidelines for the particular Fund account, as these are set forth in the Offering Memoranda. Investors have no ability to request or direct a change in the stated investment objectives and guidelines for the Fund that they are investing in.

For Investors in the domestic Funds, upon execution of the subscription documents for a Fund, each investor agrees to be bound by the Fund's partnership agreement (which appoints the Adviser as investment adviser to the applicable Fund), and further grants a power of attorney in favor of the general partner affiliate of the Adviser. This power of attorney is a "special power of attorney coupled with an interest" and is irrevocable to the fullest extent permitted by law. It does not terminate until the investor withdraws from the Fund. Pursuant to this power of attorney, the investor appoints the general partner, acting through any of its authorized partners and officers, as its true and lawful agent and attorney to make, execute, acknowledge, record and/or file (i) the Fund's partnership agreement, (ii) any certificate or other document required to effect the formation, continuation, qualification or dissolution of the Fund in accordance with the terms of the Fund's partnership agreement, or which legal counsel to the Fund deems necessary or desirable to comply with any federal, state or other law applicable to the Fund; and (iii) any amendments to any of the foregoing adopted or otherwise made in accordance with the provisions of the Fund's partnership agreement.

For Investors in the offshore Funds, upon execution of the subscription documents, each investor has purchased shares of the Fund. The Funds are organized in the Cayman Islands pursuant to Articles of Incorporation which have been approved by its Board of Directors. The Board of Directors has approved the appointment of the Adviser to manage the assets of each Fund, and the Board of Directors may remove the Adviser if it sees fit to do so.

Item 17 – Voting *Client* Securities

The Adviser does have authority to vote proxies for securities held in Fund portfolios. The Adviser's proxy voting policy was adopted in accordance with SEC Rule 206(4)-6 and calls for it to exercise its duty of care and loyalty to its Investors when it votes proxies. The Adviser generally will not vote proxies in situations where it holds an immaterial position (less than or equal to 1% of outstanding voting equity), or when the Adviser receives a proxy for a security which it no longer holds in the portfolio of any of the Funds.

Absent good reason to the contrary, the Adviser will generally give substantial weight to management recommendations regarding voting, and will vote for routine matters in favor of management proposals. Non-routine matters will be voted on a case-by-case basis, given the complexity of many of these issues. Where there is a measurable change in the structure, management, control or operation of the company, or a change that is inconsistent with industry standards and/or the laws of the state of incorporation applicable to the company, the Adviser will generally vote against such proposals.

Investors in the Funds may not direct the Adviser's vote in any proxy solicitation.

Potential conflicts of interest between the Firm and the Fund(s) may arise when the Firm's relationships with an issuer or with a related third party actually conflict, or appear to conflict, with the best interests of the Fund(s). If the issue is specifically addressed in the Adviser's proxy voting policies and procedures, the Adviser will vote in accordance with the stated policies. In a situation where the issue is not specifically addressed in the policies and an apparent or actual conflict exists, the Adviser shall either: i) delegate the voting decision to an independent third party; ii) inform the Investors of the conflict of interest and obtain advance consent of a majority of such Investors for a particular voting decision; or iii) obtain approval of a voting decision from the Adviser's chief compliance officer, who will be responsible for documenting the rationale for the decision made and voted. In all such cases, the Adviser will make disclosures to clients of all material conflicts and will keep documentation supporting its voting decisions.

Clients may obtain a copy of the Adviser's complete proxy voting policies and procedures upon request. Clients may also obtain information from the Adviser about how it voted any proxies on behalf of their account. Please contact the Adviser at 212 683-8816 or via email at investorrelations@vam.com.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about the Adviser's financial condition. The Adviser has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.