

Item 1 – Cover Page

Palmer Square Capital Management LLC

4200 W. 115th Street, Suite 100

Leawood, KS 66211

(816) 994-3201

www.palmersquarecap.com

May 10, 2011

This Brochure provides information about the qualifications and business practices of Palmer Square Capital Management LLC (“Palmer Square”). If you have any questions about the contents of this Brochure, please contact us at (913) 647-9700. 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. Palmer Square 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 Palmer Square 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 Palmer Square who are registered, or are required to be registered, as investment adviser representatives of Palmer Square.

Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission (“SEC”) published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules.

The changes made from the March 31, 2011 ADV Part 2 include additional language regarding our practices involving direct advisory clients. No other material changes were made.

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 materials 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 Braden M. Perry at (913) 647-9700 or compliance@mariner-holdings.com.

.

Item 3 -Table of Contents

| | |
|---|-----|
| Item 1 – Cover Page..... | i |
| Item 2 – Material Changes..... | ii |
| Item 3 –Table of Contents..... | iii |
| Item 4 – Advisory Business | 1 |
| Item 5 – Fees and Compensation | 7 |
| Item 6 – Performance-Based Fees and Side-By-Side Management | 13 |
| Item 7 – Types of Clients | 14 |
| Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss..... | 15 |
| Item 9 – Disciplinary Information | 36 |
| Item 10 – Other Financial Industry Activities and Affiliations | 37 |
| Item 11 – Code of Ethics | 39 |
| Item 12 – Brokerage Practices | 40 |
| Item 13 – Review of Accounts..... | 42 |
| Item 14 – Client Referrals and Other Compensation..... | 42 |
| Item 15 – Custody..... | 43 |
| Item 16 – Investment Discretion..... | 44 |
| Item 17 – Voting Client Securities..... | 45 |
| Item 18 – Financial Information | 466 |
| Privacy Policy | |

Item 4 – Advisory Business

Palmer Square is a limited liability company organized under the laws of Delaware and provides investment supervisory services on a discretionary basis to the following hedge fund of funds: Palmer Square Opportunity Fund L.P., Palmer Square Multi-Strategy Fund L.P., Palmer Square Multi-Strategy Fund, Ltd., Palmer Square Emerging Manager Fund L.P., and Colony Multi-Strategy Fund, L.P. (collectively, the “Funds”). Palmer Square also provides direct investment advisory services on an ongoing basis to high net worth individuals as it pertains to the selection and monitoring of and reporting on direct manager investments and portfolio management.

Palmer Square Opportunity Fund L.P. (the “Opportunity Fund”) is a Delaware limited partnership which began operations in June 9, 2009 as a private investment fund. Investments in this partnership are restricted to qualified investors who are both (i) “accredited investors” as defined under Regulation D of the Securities Act of 1933, as amended (the “Securities Act”) and (ii) “qualified purchasers” as defined under the Investment Company Act of 1940, as amended (the “Company Act”). Palmer Square acts as the investment manager (the “Investment Manager”) of the Opportunity Fund.

Palmer Square Multi-Strategy Fund L.P. (the “Multi-Strategy Fund”) is a Delaware limited partnership which began operations in July 21, 2009 as a private investment fund. Investments in this partnership are restricted to qualified investors who are both (i) “accredited investors” as defined under Regulation D of the Securities Act of 1933, as amended (the “Securities Act”) and (ii) “qualified purchasers” as defined under the Investment Company Act of 1940, as amended (the “Company Act”). Palmer Square acts as the investment manager (the “Investment Manager”) of the Multi-Strategy Fund.

Palmer Square Multi-Strategy Fund, Ltd. (the “Multi-Strategy Fund, Ltd.”) is an exempted company limited by shares incorporated under the laws of the Cayman Islands on September 21, 2010 formed as a private investment fund for the benefit of certain Permitted U.S. Persons and persons who are not U.S. Persons. Investments in this partnership are restricted to qualified investors who are both (i) “accredited investors” as defined under Regulation D of the Securities Act of 1933, as amended (the “Securities Act”) and (ii) “qualified purchasers” as defined under the Investment Company Act of 1940, as amended (the “Company Act”). Palmer Square acts as the investment manager (the “Investment Manager”) of the Multi-Strategy Fund, Ltd.

Palmer Square Emerging Manager Fund L.P. (the “Emerging Manager Fund”) is a Delaware limited partnership which began operations in May 4, 2010 as a private investment fund. Investments in this partnership are restricted to qualified investors who are both (i) “accredited investors” as defined under Regulation D of the Securities Act of 1933, as amended (the “Securities Act”) and (ii) “qualified purchasers” as defined under the Investment Company Act of 1940, as amended (the “Company Act”). Palmer Square acts as part of the investment manager (the “Investment Manager”) of the Emerging Manager Fund as described below.

The members and managers of MAPS Capital Management LLC, the Investment Manager of the Emerging Manager Fund, are Palmer Square Capital Management LLC (“PSCM”), Atlantic Asset Management, L.L.C (“Atlantic”), and Montage Alternative Advisors LLC (“MAA”).

The members and managers of MAPS Capital Advisors LLC, the General Partner of the Emerging Manager Fund, are Palmer Square Capital Advisors LLC (“PSCA”; and together with PSCM, “Palmer Square”), Atlantic, and Montage Alternative Capital LLC (“MAC”; and together with MAA, “Montage”)

Palmer Square, Atlantic, and Montage, in their capacities as members and managers, will jointly direct the activities of the General Partner and the Investment Manager, and, as a result, the investment activities and operations of the Partnership.

Colony Multi-Strategy Fund, L.P. (the “Colony Fund”) is a Delaware limited partnership which began operations in July 19, 2005 as a private investment fund. Investments in this partnership are restricted to qualified investors who are both (i) “accredited investors” as defined under Regulation D of the Securities Act of 1933, as amended (the “Securities Act”) and (ii) “qualified purchasers” as defined under the Investment Company Act of 1940, as amended (the “Company Act”).

Colony Funds, LLC, a Delaware limited liability company (the “General Partner”) is the general partner of the Partnership and has sole and complete discretionary authority to manage the Partnership’s activities. The Colony Group, LLC, a limited liability company formed under the laws of the Commonwealth of Massachusetts (the “Manager”), serves as the manager of the Partnership. The General Partner and the Manager have engaged Palmer Square Capital Management LLC, a Delaware limited liability company (the “Subadvisor”) to serve as the Partnership’s subadvisor. The Subadvisor is responsible for the Partnership’s day-to-day portfolio management under the general supervision of the General Partner and the Manager. Palmer Square Capital Advisors LLC, a Delaware limited liability company (the “Special Limited Partner”), serves as a special limited partner of the Partnership, and, in that capacity, assists the General Partner and the Manager in the supervision of the Subadvisor.

Management of the Funds – General

None of the Funds are required to register as investment companies under the Company Act in reliance upon an exemption(s) available to funds whose securities are not publically offered. Palmer Square manages the Funds on a discretionary basis in accordance with the terms and conditions of each Fund’s offering and organizational documents and any relevant supplements thereto.

Each of the Funds outlined above employs investment strategies that are suitable to sophisticated investors with substantial net worth and who are able to bear the risks of the strategies employed. Limited Partners and prospective investors should also be aware of additional risks associated with investing in the Funds, many of which are described in the offering memorandum of each respective Fund.

Management of the Opportunity Fund

The investment objective of the funds is long-term capital appreciation. The Investment Manager believes that the Partnership’s investment objective can be achieved by investing with a diversified group of investment managers (each, a “Designated Manager”) that employ a variety of investment strategies that the Investment Manager believes offer attractive risk-adjusted rates of return that are not highly correlated with the U.S. stock market. The Investment Manager has wide discretion in selecting the Designated Managers with which to invest Partnership assets. The Partnership’s investment program consists of Designated Managers that generally employ multi-strategy and credit-related investment strategies, including, without limitation, high yield, special situation or distressed securities, and preferred stock arbitrage. The Investment Manager believes that a diversified portfolio of investments with Designated Managers offers superior risk/reward characteristics. Due to the opportunity for a low correlation of returns across strategy types, the Investment Manager believes that the Partners will derive significant benefits from a blended strategy. The Investment Manager also believes that the ability to allocate capital flexibly across strategies creates a return enhancement potential when strategies go in and out of favor.

Limited Partners and prospective investors should carefully review the offering memorandum for a comprehensive description and complete information on the Opportunity Fund.

Management of the Multi-Strategy Fund

The investment objective of the funds is long-term capital appreciation. The Investment Manager believes that the Partnership's investment objective can be achieved by investing with a diversified group of investment managers (each, a "Designated Manager") that employ a variety of investment strategies that the Investment Manager believes offer attractive risk-adjusted rates of return that are not highly correlated with the U.S. stock market. Further, the Investment Manager believes that a diversified portfolio of directional and event-driven strategies offers superior risk/reward characteristics compared to a non-diversified portfolio. The Investment Manager has wide discretion in selecting the Designated Managers with which to invest Partnership assets. The Partnership's investment program currently focuses on Designated Managers that generally employ long/short, multi-strategy global macro, and event-driven investing strategies. The Investment Manager believes that a diversified portfolio of investments with Designated Managers offers superior risk/reward characteristics. Due to the opportunity for a low correlation of returns across strategy types, the Investment Manager believes that the Partners will derive significant benefits from a blended strategy. The Investment Manager also believes that the ability to allocate capital flexibly across strategies creates a return enhancement potential when strategies go in and out of favor.

Limited Partners and prospective investors should carefully review the offering memorandum for a comprehensive description and complete information on the Multi-Strategy Fund.

Management of the Multi-Strategy Fund, Ltd.

The investment objective is to generate long-term capital appreciation. The Investment Manager believes that the Company's investment objective can be achieved by investing with a diversified group of investment managers (each, a "Designated Manager") that employ a variety of investment strategies that the Investment Manager believes offer attractive risk-adjusted rates of return that are not highly correlated with the U.S. stock market. Further, the Investment Manager believes that a diversified portfolio of directional and event-driven strategies offers superior risk/reward characteristics compared to a non-diversified portfolio. The Investment Manager has wide discretion in selecting the Designated Managers with which to invest Company assets. The Company's investment program focuses on Designated Managers that generally employ long/short, event-driven, global macro, and multi-strategy approaches to investing.

Limited Partners and prospective investors should carefully review the offering memorandum for a comprehensive description and complete information on the Multi-Strategy Fund, Ltd.

Management of the Emerging Manager Fund

The Partnership's investment objective is to seek to achieve capital appreciation and earn investment income. The Investment Manager believes that the Partnership's investment objective can be achieved by investing primarily in hedge funds and other investment vehicles (which may include separate accounts managed in parallel with such investment vehicles) (each, an "Underlying Fund") managed by start-up, early stage and other managers with low to moderate assets under management (each, a "Designated Manager"), as determined from time to time by the Investment Manager. The Investment Manager has wide discretion in selecting the Designated Managers with which to invest Partnership assets. The Partnership will seek to enhance its returns through the acquisition of: (i) a share of the management fees and/or incentive fees or allocations payable or allocable, as the case may be, to the Designated Managers or their affiliates by the Underlying Funds; (ii) an additional share of capital appreciation and/or investment income from the Underlying Funds; (iii) buyout and/or other considerations from the

Underlying Funds and/or the Designated Managers; (iv) participation in a share of the Designated Managers' other revenues; and/or (v) such other arrangements as are agreed to by the Underlying Funds and/or the Designated Managers (collectively, the "Special Rights"). It is anticipated that certain Designated Managers will agree to such arrangements due to the Partnership supplying capital and other business and investment support services that may be provided by the General Partner, the Investment Manager and/or their respective members to the Designated Managers and/or the Underlying Funds. Such arrangements may have different terms, liquidity and durations depending on the negotiations with the Designated Managers, which may include, without limitation, the Partnership's agreement to a lock-up period for the Partnership's investment in an Underlying Fund. The Partnership may also make investments in Underlying Funds without securing Special Rights. In addition to or in lieu of Special Rights, the Partnership may obtain waivers or reductions of management fees and performance fees and/or allocations with respect to the Underlying Funds. The Partnership may seek future capacity rights for the Partnership in the Underlying Funds.

Limited Partners and prospective investors should carefully review the offering memorandum for a comprehensive description and complete information on the Emerging Manager Fund.

Management of the Colony Fund

The Partnership's investment objective is to generate long-term capital appreciation. However, no assurance can be given that the Partnership's investment objective will be achieved, and investment results may vary substantially on a monthly, quarterly and annual basis. The Subadvisor believes that the Partnership's investment objective can be achieved by investing with a broad group of investment managers (each, a "Designated Manager") that employ a variety of investment strategies that the Subadvisor believes offer attractive risk-adjusted rates of return that are not highly correlated with the U.S. stock market. The Subadvisor has wide discretion in selecting the Designated Managers with which to invest Partnership assets. The Partnership's investment program will include Designated Managers that generally employ a set of strategies that may include long/short equity, credit, global macro, event-driven, managed futures and various other multi-strategy investment approaches. The Subadvisor will invest the assets of the Partnership with Designated Managers either through becoming a participant in a pooled investment vehicle and/or by placing assets of the Partnership in a managed account (each, an "Underlying Fund"). In addition, the Subadvisor may, from time to time, cause some of the Partnership's assets to be held in cash and/or cash equivalents pending an allocation to Designated Managers, to pay expenses, or to fund withdrawal requests. By pooling the funds invested by the Class A Limited Partners, the Class A Limited Partners will be able to obtain the benefit of having their investment diversified among the various Designated Managers to be selected by the Subadvisor to an extent they may not otherwise be able to obtain.

Limited Partners and prospective investors should carefully review the offering memorandum for a comprehensive description and complete information on the Colony Fund.

Direct Investment Advisory Services

In addition to Palmer Square's Funds, the Advisor also offers high net worth clients discretionary investment management services on an ongoing basis in which the client can customize portfolios according to their unique risk/reward objectives. Palmer Square will select, monitor, and report on direct manager relationships. Generally speaking, the investors' customization of a portfolio centers around liquidity and strategy objectives and involves selecting and investing directly with one or more fund managers.

Ownership

A majority of Palmer Square's equity is owned by Montage Investments, LLC, a Kansas limited liability company and an SEC-registered investment advisor that is currently responsible for over \$7.5 billion in assets under management as of March 1, 2011. The remainder is owned by Christopher D. Long, President of the Advisor.

Other

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

Item 5 – Fees and Compensation

Set forth below is a description of how Palmer Square is compensated for advisory services to the Funds.

Management Fees – Opportunity Fund and Multi-Strategy Fund

As set forth in the Investment Management Agreement (as defined below) between the Partnership and the Investment Manager, the Partnership pays to the Investment Manager a quarterly management fee, calculated and accrued monthly and payable in arrears as of the end of each quarter, equal to one-fourth of one percent (1%) of the net worth of each Class A Limited Partner's capital account as of the last Business Day of such fiscal quarter (including the value of any Side Pocket Account(s) (as defined below) attributable to the Class A Interests) (the "Class A Management Fee"). The Class A Management Fee will be payable in U.S. Dollars, normally within ten (10) days after the end of each quarter. The Class A Management Fee will be calculated after taking into account reductions of the relevant capital account(s) as a result of withdrawals, in each case as of the end of the prior quarter, and increases in the relevant capital account(s) as a result of subscriptions for Class A Interests, in each case as of the beginning of such quarter. In addition, the Class A Management Fee will be prorated for such reductions and/or increases during any quarter and for any quarter during which the Investment Manager does not serve as the investment manager of the Partnership for the entire quarter.

For the avoidance of doubt, the General Partner, in consultation with the Investment Manager, may waive, reduce or rebate the Class A Management Fee attributable to any Class A Limited Partner, including, without limitation, any employee, agent or affiliate of the Investment Manager and/or the General Partner. The Investment Manager, in its sole and absolute discretion, may also pay a portion of the Class A Management Fee to certain Limited Partners and/or other third parties.

Limited partners in the Fund(s) and prospective investors are requested to refer to the applicable Fund offering memorandum for complete information on the Fund(s) and its fees.

Performance Allocation– Opportunity Fund and Multi-Strategy Fund

Subject to the Loss Carryover, as of the end of each fiscal year, increases in the Partnership's Net Worth allocated during such fiscal year to each capital account attributable to a Class A Limited Partner will be reallocated so that the General Partner will receive an allocation (a "Class A Performance Allocation") equal to five percent (5%) of the aggregate increases in the Partnership's Net Worth allocated to such capital account; provided, however, that no Class A Performance Allocation shall be made for a given fiscal year with regard to a Class A Limited Partner's capital account unless aggregate increases in the Partnership's Net Worth allocated to such capital account for such fiscal year equals or exceeds the Hurdle (as defined below).

The "Hurdle" means, with respect to any capital account attributable to a Class A Limited Partner for any fiscal year, the amount that such capital account would have earned during such fiscal year if it had achieved a non-compounded, non-cumulative rate of return of five percent (5%) per annum (such rate to be prorated for shorter periods if the capital account is created, or a reduction or contribution is made thereto, other than as of the first Business Day or the last Business Day of a fiscal year). For the avoidance of doubt, the Hurdle will not be aggregated from year to year.

A separate Class A Performance Allocation will be calculated with respect to all funds permitted to be invested by a Class A Limited Partner in the Partnership during a fiscal year (other than as of the first Business Day of such fiscal year) and with respect to all funds permitted to be withdrawn by a Class A

Limited Partner from the Partnership during a fiscal year (other than as of the last Business Day of such fiscal year).

The Class A Performance Allocation shall be in addition to the allocations to the General Partner based upon its capital account proportionate to the aggregate amount of the capital accounts of the Partnership.

For the avoidance of doubt, the General Partner, may waive, reduce or rebate the performance allocation attributable to any Limited Partner, including, without limitation, any employee, agent or affiliate of the Investment Manager and/or the General Partner. The General Partner, in its sole and absolute discretion, may also pay a portion of the Class A Performance Allocation to certain Limited Partners and/or other third parties.

Limited Partners in the Fund(s) and prospective investors are requested to refer to the applicable Fund offering memorandum for complete information on the Fund(s).

Management Fees –Multi-Strategy Fund, Ltd.

As set forth in the Investment Management Agreement (as defined below) between the Company and the Investment Manager, the Company pays to the Investment Manager a monthly management fee, calculated and payable in arrears on the last Business Day of each month, equal to one-twelfth of one percent (1/12 of 1%) of the Net Asset Value of each series of Class A Shares as of the last Business Day of such month (including the value of any Class S Shares attributable to the Class A Shares) (the “Class A Management Fee”). The Class A Management Fee shall be payable in U.S. Dollars, normally within ten (10) days after the end of each month. The Class A Management Fee shall be prorated for amounts invested and/or redeemed during any month and for any month during which the Investment Manager does not serve as the investment manager of the Company for the entire month.

For the avoidance of doubt, the Investment Manager, in its sole and absolute discretion, may waive, reduce or rebate any management fee attributable to any Class, sub-class or series of Shares held by or on behalf of any Shareholder, including, without limitation, any employee, agent or affiliate of the Investment Manager. The Investment Manager, in its sole and absolute discretion, may also pay a portion of the Class A Management Fee to certain Shareholders and/or other third parties.

Performance Fee–Multi-Strategy Fund, Ltd.

Pursuant to the Investment Management Agreement, each series of Class A Shares will be charged a performance fee (the “Class A Performance Fee”) in respect of each Calculation Period (as defined below) equal to five percent (5%) of the net increase in the aggregate Net Asset Value of such series of Class A Shares during the Calculation Period (including unrealized gains and losses and net of the Class A Management Fee), subject to any Loss Carryover; provided, however, that no Class A Performance Fee shall be charged for any Calculation Period with regard to a series of Class A Shares unless the net increase in the aggregate Net Asset Value of such series of Class A Shares for such Calculation Period equals or exceeds the Hurdle (as defined below). A Class A Performance Fee shall be charged on all amounts invested and redeemed during any Calculation Period. For the avoidance of doubt, each series of Class A Shares will be accounted for separately for the purpose of determining the Class A Performance Fee applicable to such series of Class A Shares.

The “Hurdle” means, with respect to any series of Class A Shares for any Calculation Period, the amount that such series would have earned during such fiscal year if it had achieved a non-compounded, non-cumulative rate of return of five percent (5%) per annum (such rate to be prorated for shorter periods if the series is first issued, or a redemption to or subscription for Shares of such series is made, other than as

of the first Business Day or the last Business Day of a Calculation Period). For the avoidance of doubt, the Hurdle will not be aggregated from year to year.

For the avoidance of doubt, the Investment Manager may waive, reduce or rebate any performance fee attributable to any Class, sub-class or series of Shares held by or on behalf of any Shareholder, including, without limitation, any employee, agent or affiliate of the Investment Manager. The Investment Manager, in its sole and absolute discretion, may also pay a portion of the Class A Performance Fee to certain Shareholders and/or other third parties.

Limited Partners and prospective investors should carefully review the offering memorandum for a comprehensive description and complete information on the Multi-Strategy Fund, Ltd.

Management Fees –Emerging Manager Fund

As set forth in the Investment Management Agreement (as defined below) between the Partnership and the Investment Manager, the Partnership pays to the Investment Manager a monthly management fee (the “Class A Management Fee”), calculated and accrued monthly and payable in arrears as of the end of each month, equal to (i) during the Commitment Period, one-twelfth of one percent (1%) of the aggregate value of the Capital Commitments to purchase Class A Interests as of the last Business Day of such month, and (ii) after the end of the Commitment Period, one-twelfth of one percent (1%) of the Net Worth of each Class A Limited Partner’s capital account(s) as of the last Business Day of such month (including the value of any Side Pocket Account(s) (as defined below) attributable to the Class A Interests). The Class A Management Fee will be payable in U.S. Dollars, normally within ten (10) days after the end of each month. After the end of the Commitment Period, the Class A Management Fee will be (a) calculated after taking into account reductions of the relevant capital account(s) as a result of withdrawals as of the end of the prior month, (b) calculated after taking into account increases in the relevant capital account(s) as a result of capital contributions for Class A Interests, if any, as of the beginning of such month, and (c) prorated for such reductions and/or increases during any month. In addition, the Class A Management Fee will be prorated for any month during which the Investment Manager does not serve as the investment manager of the Partnership for the entire month.

For the avoidance of doubt, the General Partner, in consultation with the Investment Manager, may waive, reduce or rebate the Class A Management Fee attributable to any Class A Limited Partner, including, without limitation, any employee, agent or affiliate of the Investment Manager, the General Partner and/or any of their respective affiliates. The Investment Manager, in its sole and absolute discretion, may also pay a portion of the Class A Management Fee to certain Limited Partners, affiliates and/or other third parties.

A Class A Limited Partner admitted to the Partnership (or who increases its Capital Commitment) subsequent to the Initial Closing may be required to pay the Investment Manager the Catch Up Fees. The Investment Manager, in its sole and absolute discretion, may waive any or all of the Catch Up Fees with respect to any Class A Limited Partner.

The General Partner shall have the authority to alter or change the manner or method of calculating or paying the Class A Management Fee or any other management fee payable to the Investment Manager or any of its affiliates with respect to an investment in the Partnership (including, without limitation, in the event that the Partnership is restructured as a feeder fund in a master-feeder structure, to charge such fee at the master fund level rather than at the feeder fund level), provided that no such alteration or change in the manner or method of calculation or payment shall in any way alter or affect the substantive rights of the applicable Class A Limited Partners, including, without limitation, the economic provisions and voting rights described herein.

Performance Allocation–Emerging Manager Fund

Subject to the Loss Carryover, as of the end of each fiscal year, increases in the Partnership's Net Worth allocated during such fiscal year to each capital account attributable to a Class A Limited Partner will be reallocated so that the General Partner will receive an allocation (a "Class A Performance Allocation") equal to five percent (5%) of the aggregate increases in the Partnership's Net Worth allocated to such capital account. No Class A Performance Allocation shall be made with respect to any Special Rights, or any increases in the Net Worth of a Class A Limited Partner's capital account(s) as a result of such Special Rights.

A separate Class A Performance Allocation will be calculated for a Class A Limited Partner with respect to each capital contribution during a fiscal year (other than as of the first Business Day of such fiscal year) and with respect to all funds permitted to be withdrawn by a Class A Limited Partner from the Partnership during a fiscal year (other than as of the last Business Day of such fiscal year).

The Class A Performance Allocation shall be in addition to the allocations to the General Partner based upon its capital account proportionate to the aggregate amount of the capital accounts of the Partnership.

For the avoidance of doubt, the General Partner, may waive, reduce or rebate the performance allocation attributable to any Limited Partner, including, without limitation, any employee, agent or affiliate of the Investment Manager, the General Partner and/or any of their respective affiliates. The General Partner, in its sole and absolute discretion, may also pay a portion of the Class A Performance Allocation to certain Limited Partners, affiliates and/or other third parties.

The General Partner shall have the authority to alter or change the manner or method of calculating or making the Class A Performance Allocation or any other performance allocation or fee payable to the General Partner or any of its affiliates with respect to an investment in the Partnership (including, without limitation, in the event that the Partnership is restructured as a feeder fund in a master-feeder structure, to charge such allocation or fee at the master fund level rather than at the feeder fund level), provided that no such alteration or change in the manner or method of calculation or payment shall in any way alter or affect the substantive rights of the applicable Class A Limited Partners, including, without limitation, the economic provisions and voting rights described herein.

Special Rights – Emerging Manager Fund

The Partnership will seek to enhance its returns through the acquisition of Special Rights. It is anticipated that certain Designated Managers will agree to such arrangements due to the Partnership supplying capital and other business and investment support services that may be provided by the General Partner, the Investment Manager and/or their respective members to the Designated Managers and/or the Underlying Funds. Such arrangements may have different terms, liquidity and durations depending on the negotiations with the Designated Managers, which may include, without limitation, the Partnership's agreement to a lock-up period for the Partnership's investment in an Underlying Fund. In the event the Partnership negotiates for Special Rights that entitle it to 40% or less of the annual Net Revenues (as defined below) of a Designated Manager and/or its affiliates, any Net Revenues received by the Partnership that are attributable to such Designated Manager and/or its affiliates will be divided 45% to the General Partner and/or the Investment Manager, on the one hand, and 55% to the Limited Partners (and former Limited Partners retaining an interest in such Special Rights), on the other hand. In the event the Partnership negotiates for Special Rights that entitle it to more than 40% of the annual Net Revenues of a Designated Manager and/or its affiliates, each dollar of Net Revenue received by the Partnership shall be divided according to the following formula: (i) the Limited Partners (and former Limited Partners retaining an interest in such Special Rights) shall be entitled to an amount equal to 55% of 40% of the

annual Net Revenue of such Designated Manager plus 10% of any additional share of annual Net Revenue, and (ii) the General Partner and/or the Investment Manager shall be entitled to an amount equal to 45% of 40% of the annual Net Revenue of such Designated Manager plus 90% of any additional share of annual Net Revenue.

The General Partner of the Funds, in consultation with the Investment Manager of the Funds, may waive, reduce, or rebate the Management Fee attributable to any investor, including, without limitation, any employer, agent or affiliate of the Investment Manager or General Partner. The Investment Manager, in its sole and absolute discretion, may also pay a portion of the Management Fee to certain Limited Partners and/or third parties.

Limited Partners and prospective investors should carefully review the offering memorandum for a comprehensive description and complete information on the Emerging Manager Fund.

Management Fees –Colony Fund

As set forth in the Management Agreement (as defined in the Colony Fund’s offering memorandum) between the Partnership and the Manager, the Partnership pays to the Manager a management fee that is payable in arrears as of the end of each quarter, equal to one-fourth of forty-eight basis points (0.48%) of the Net Worth of each Class A Limited Partner’s capital account as of the last Business Day of such fiscal quarter (including the value of any Side Pocket Account(s) (as defined below) attributable to the Class A Interests) (the “Management Fee”).

In addition, as set forth in the Subadvisory Agreement between the Partnership and the Subadvisor, the Partnership pays to the Subadvisor a subadvisory fee payable in arrears as of the end of each quarter, equal to one-fourth of thirty-two basis points (0.32%) of the Net Worth of each Class A Limited Partner’s capital account as of the last Business Day of such fiscal quarter (including the value of any Side Pocket Account(s) attributable to the Class A Interests) (the “Subadvisory Fee”, and together with the Management Fee, the “Class A Management Fee”).

Incentive Allocation – Colony Fund

Subject to the Loss Carryover, as of the end of each fiscal year, increases in the Partnership’s Net Worth allocated during such fiscal year to each capital account attributable to a Class A Limited Partner will be reallocated so that the General Partner will receive an allocation (the “GP Allocation”) equal to six percent (6%), and the Special Limited Partner will receive an allocation (the “SLP Allocation”, and together with the GP Allocation, the “Class A Incentive Allocation”) equal to four percent (4%), of the aggregate increases in the Partnership’s Net Worth allocated to such capital account; provided, however, that no Class A Incentive Allocation shall be made for a given fiscal year with regard to a Class A Limited Partner’s capital account unless aggregate increases in the Partnership’s Net Worth allocated to such capital account for such fiscal year equals or exceeds the Hurdle (as defined below).

The term “Hurdle” means, with respect to any capital account attributable to a Class A Limited Partner, for any fiscal year, the amount that such capital account would have earned during such fiscal year if such Class A Limited Partner’s capital account had achieved a non-compounded, non-cumulative rate of return equal to the Blended Hurdle Rate for such fiscal year. The term “Blended Hurdle Rate” means, for any fiscal year, the average of the respective Monthly T-Bill Rates for the months comprising such fiscal year. The term “Monthly T-Bill Rate” means, for any month, the rate of interest per annum based on the annualized yield with respect to three-month U.S. Treasury bills published by Bloomberg, L.P. (or any successor thereto) as in effect on the first Business Day of such month. In the event that the relevant capital account is established, or a withdrawal is made therefrom or a contribution is made thereto, other than as of the first Business Day or the last Business Day of a fiscal year, as applicable, the Hurdle will be adjusted accordingly, including, without limitation, by shortening the calculation period with respect thereto where appropriate. Without limiting the foregoing, in the event that the relevant capital account is established other than on the first Business Day of a fiscal year, the Blended Hurdle Rate for such fiscal year shall be the average of the respective Monthly T-Bill Rates for the months in such fiscal year during which such capital account is in existence, beginning with the month in which such capital account is established. If there is a reduction of the relevant capital account as a result of a withdrawal made prior to the last Business Day of a fiscal year, the General Partner and the Special Limited Partner shall receive a pro rata portion of the accrued Class A Incentive Allocation with respect to the increase in the Partnership’s Net Worth, if any, allocated to such capital account in such fiscal year, subject to, for the avoidance of doubt, the Loss Carryover and the Hurdle.

A separate Class A Incentive Allocation will be calculated with respect to all funds permitted to be invested by a Class A Limited Partner in the Partnership during a fiscal year (other than as of the first Business Day of such fiscal year) and with respect to all funds permitted to be withdrawn by a Class A Limited Partner from the Partnership during a fiscal year (other than as of the last Business Day of such fiscal year).

Investors and prospective investors should carefully review the offering memorandum for a comprehensive description and complete information on the Colony Fund.

Direct Investment Advisory Services

Palmer Square provides investment supervisory services on an ongoing basis to high net worth individuals as it pertains to the selection and monitoring of and reporting on direct manager investments and portfolio management. Fees range depending on the services involved. All fees are subject to negotiation and all fee arrangements will comply with Section 205 of the Advisors Act.

Fee Billing

For the Funds, Limited Partners do not have the ability to choose to be billed directly for fees incurred. Palmer Square deducts fees from each Limited Partner's capital account. For direct/investment advisory services to individual clients, clients may choose to be billed directly for fees incurred.

Other Expenses

In addition to the Palmer Square fees referred to above, the Funds' clients and direct investment advisory clients, in some cases, are liable to pay a management fee and performance fee for each Designated Manager. Fixed fees, are typically 1.5% (annualized) of the average net asset value of assets under management, but can generally range from 0.5% to 2.5% (annualized) of such assets. If applicable, performance-based fees generally will range from 15% to 25% of the net capital appreciation in the Designated Manager's Partnership for each year (in some cases above a specified benchmark), but may be higher in certain instances. In most cases, receipt by a Designated Manager of performance-based fees will be subject to the investment exceeding its "high water mark" in such investment. In addition, the Funds' clients and direct advisory clients, in some cases, may also be liable for their pro-rata share of certain operating expenses of Palmer Square and the underlying managers in which we invest including (but not limited to) brokerage commissions, dealer spreads, transfer fees, taxes and other transaction costs, custody, administration, legal, auditing, registration fees, and licensing (including certain research databases and software and certain administrative software), government filing fees, and manager background checks.

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

As described in Item 5 above, Palmer Square receives performance-based compensation with respect to its Partnership Funds. Palmer Square will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Investment Advisors Act of 1940 (The Advisors Act) in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3.

The performance-based compensation is based on capital appreciation. This arrangement may create an incentive for Palmer Square to invest the Funds' assets in investments that are riskier or more speculative than would be the case if Palmer Square was compensated solely on a flat percentage of capital. The Partnership Agreement and the Investment Management Agreement of the Funds require the General Partner and the Investment Manager, respectively, to exercise their duties with care, skill, prudence and diligence. In the event of a conflict of interest between the Partnership and any other entity managed by the General Partner, the Investment Manager, or any of their respective affiliates, the General Partner, the Investment Manager or such affiliate, as the case may be, will resolve such conflict by taking into account the investment objective of each entity (or account), any investment restrictions applicable to each entity and the other available investment options for each entity and will seek to resolve such conflict in a fair and equitable manner.

Palmer Square also manages direct investment advisory relationships where Palmer Square solely receives fees based on a percentage of assets managed. Such fee arrangements create an incentive to favor higher fee paying accounts with performance fees over other accounts in the allocation of investment opportunities. Palmer Square has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Item 7 – Types of Clients

While Palmer Square provides investment advice primarily to the Funds and high net worth individuals, Limited Partners in the Funds may be any or all of the following types of underlying clients:

- Individuals (including high net worth individuals)
- Trusts, estates, or charitable organizations such as foundations
- Corporations or business entities other than those listed above
- Pension plans, retirement accounts, or other non-profit entities

Investments in the Funds are restricted to qualified investors who are both (i) “accredited investors” as defined under Regulation D of the Securities Act of 1933, as amended (the “Securities Act”) and (ii) “qualified purchasers” as defined under the Investment Company Act of 1940, as amended (the “Company Act”).

Investments in the Funds (except for the Emerging Manager Fund) are subject to a minimum initial investment amount of \$250,000 (subject to the discretion of the General Partner). The Emerging Manager Fund stated investment minimum is \$25,000,000 (subject to the discretion of the General Partner).

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

Methods of Analysis

Palmer Square strives to construct a well-diversified portfolio integrating market opportunity with carefully selected managers. With regard to the top-down strategy allocation, based on current market conditions, the Investment Committee decides which we believe are the most promising strategies. We prioritize on our view of prospective (rather than historical) performance and volatility, and seek to identify attractive investment environments for specific strategies and/or sectors. And, we incorporate our investment outlook with our managers' insight.

With regard to the bottoms-up portion of our investment philosophy, Palmer Square believes in maintaining a concentrated approach investing with relatively few managers. The Investment Manager will generally select underlying managers based on factors as the Investment Manager determines in its sole and absolute discretion, including, without limitation, experience, performance track record, ability to protect capital in adverse market environments, personal financial commitment, prevalence of opportunities in their area of expertise, structure of organization, risk controls, risk management process, communication and reporting transparency style. The ultimate allocation of assets managed by the Investment Manager is intended to manage the overall risk/return of the Funds or client while optimizing the ability to generate long-term capital appreciation.

The Investment Manager believes that the ongoing monitoring of the underlying managers is of paramount importance to achieving a Fund's or client's investment objective. Style drift, rapid growth of assets, changes in the use of leverage and liquidity, employee defections, infrastructure changes, and complacency are a few examples of factors that can lead to a reevaluation of an investment decision. The Investment Manager intends to dedicate a significant amount of time monitoring the underlying managers within the different Funds' and clients' existing portfolios. The Investment Manager will perform regular reviews of the underlying managers through onsite face-to-face meetings and conference calls and by utilizing the Investment Manager's extensive network of buy side and sell side professionals, traders, other fund managers and other Wall Street professionals.

Investment Strategies

Currently, the strategies described below are those that the Investment Manager primarily expects the Designated Managers to employ on behalf clients and/or of the Funds, but the Investment Manager generally intends to invest opportunistically, therefore, retains the right to continue to develop and invest in additional strategies over time. The Investment Manager recognizes that any particular strategy may be incapable of remaining profitable indefinitely. Accordingly, the Investment Manager may allocate and re-allocate capital between or among strategies and/or Designated Managers, including, without limitation, between or among Designated Managers employing a varied set of strategies focused on public markets, on the one hand, and private markets, on the other hand, all as dictated by opportunity.

Assets of the Funds will primarily be invested with Designated Managers employing the following investment strategies:

Long/Short Equity Investing employs long and short investing in primarily common and preferred stocks of U.S. Issuers and Foreign Issuers based on the Designated Manager's perception of such securities being overvalued or undervalued. This strategy attempts to neutralize exposure to general market risk by: (i) purchasing securities to capitalize on a rising market through appreciation ("Long Position") and (ii) taking a short position in other securities to capitalize on potential market declines. A "Short Position"

includes the sale of a security that you do not own or the writing of options on stocks, indices, financial futures and other futures contracts. A portfolio that is “long-biased” is one that maintains a greater Long Position to capitalize on positive market or individual security developments. A portfolio that is “short-biased” is one that maintains a greater Short Position to capitalize on negative market or individual security developments. A portfolio that is market neutral typically maintains Long and Short Positions of equal dollar amounts.

Event Driven Investing takes advantage of the impact of corporate events on the market value of company securities. Corporate events include, but are not limited to, restructurings, mergers, reorganizations, spin-offs, leveraged buyouts and material litigation. Companies experiencing financial distress and that have potential or threatened extraordinary liabilities may also be targeted. Event Driven Investing also includes structuring investment positions that benefit from events such as debt restructuring, and bankruptcies. All types of corporate equity and fixed income securities and derivative positions may be used to implement this strategy such as common and preferred stock, corporate debt securities including those that have high yields and credit ratings below investment grade or “junk bonds”, convertible securities and options on equity and debt securities.

Fixed Income, Long/Short Credit, and Distressed Debt Investing focuses primarily in debt securities of domestic and foreign and emerging market governments, government-related agencies, and companies of all maturities and credit qualities including corporate bonds, bank loans and distressed debt. In addition, mortgage-backed securities, collateralized mortgage obligations, other mortgage-related securities and other asset-backed securities of all credit qualities including lower-rated bonds may also be used within the investment strategies. Typical investment strategies within credit will involve a long/short or event driven style similar to those described above in “Long/Short Equity Investing” and “Event Driven Investing”. Strategies will also often involve the purchase of debt securities that are currently undervalued, out-of-favor, have low credit ratings or are affected by other adverse factors (“Distressed Securities”). Distressed Securities will typically include debt issued by companies undergoing bankruptcy proceedings that are restructuring their capital structure outside of the court, or that have experienced short-term credit problems. These strategies may include the purchase of bonds of companies with lower credit ratings and that have attractive risk/reward characteristics due to, among other things, an anticipation of an upgrade in the bond’s ratings, expectation that a company reorganization will provide greater value, or other positive business factors that are not yet reflected in their market value. Strategies employed may involve short positions such as the use of credit default swaps and the short sale of individual bonds to hedge risk or profit from an anticipated decline in the price of a security. Derivatives may also be used to hedge risk or position a portfolio to benefit from a decline in the price of a bond or other security. Strategies may also employ leverage to increase returns.

Opportunistic/Global Macro Investing employs Long and Short Positions across various U.S. and foreign markets, sectors and companies to benefit from those investments which have the highest probability for success (Long Positions) and those that have the highest probability for decline (Short Positions). Although a wide variety of securities may be utilized to implement this strategy, typically, global macro investors target sovereign debt (e.g. government debt), equity indices, currencies, interest rates, and commodity-related investments such as futures and options on commodities, and exchange-traded funds (“ETFs”) that focus on gold and precious metals. Futures and options are often used for hedging and alpha generation (risk-adjusted return) in order to quickly position a portfolio to profit from changing markets.

Risk of Loss

Investing in securities involves a risk of loss that you should be prepared to bear, including loss of your original principal. However, you should be aware that past performance of any security is not necessarily indicative of future results. Therefore, you should not assume that future performance of any specific investment or investment strategy will be profitable. We do not provide any representation or guarantee that your goals will be achieved. Depending on the different types of investments, there may be varying degrees of risk. **The foregoing list of certain risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment or an investment in the various Funds. Moreover, the different Palmer Square Funds have specific risks and Prospective Investors should read the entire respective Fund Memorandum and consult with their own advisors before deciding to subscribe for Interests. In addition, as the various Funds develop and change over time, an investment in the Interests may be subject to additional and different risk factors. No assurance can be made that profits will be achieved or that substantial losses will not be incurred. In the risks listed below, please note that the defined terms, “Funds” and “Partnership” are used interchangeably.**

Market Risks

1. Risk of Loss. An investment in the Funds is speculative and involves significant risk. The profitability of the Funds depends upon the Designated Managers selected by the Investment Manager correctly assessing the future price movements of the securities, commodities and other financial instruments in which the Underlying Funds invest and the movement of interest rates. These price movements may be volatile and are subject to numerous factors which are neither within the control of nor predictable by the Investment Manager or the Designated Managers. Such factors include, without limitation, a wide range of economic, political, competitive, market, legal, operational and other conditions or events (including, without limitation, natural disasters, acts of terrorism or war) which may affect investments in general or a specific security, commodity or other financial instrument in which the Underlying Funds invest. There can be no assurance that the Investment Manager or the Designated Managers will be successful in accurately predicting price movements. Accordingly, Partners may incur substantial losses on their investments in the Funds, and it is possible that the Funds’ performance will fluctuate substantially from period to period.
2. Competition. The securities industry, the various markets in which the Designated Managers participate and the varied strategies and techniques engaged in by the Designated Managers selected by the Investment Manager are extremely competitive and each involves a high degree of risk. The Funds and their Designated Managers compete with firms, including, without limitation, many of the larger securities and investment banking firms, which have substantially greater financial resources and larger research staffs than the Investment Manager expects to have in the future, which may place the Funds at a competitive disadvantage.
3. Market Volatility. The profitability of the Funds depends upon the Designated Managers chosen by the Investment Manager correctly assessing the future price movements of stocks, bonds, options on stocks, other securities, currencies, regulated futures contracts and other commodities and the movements of interest rates. There can be no assurance that the various Designated Managers selected by the Investment Manager will be successful in accurately predicting price and interest rate movements.
4. Leverage. The Designated Managers selected by the Investment Manager may generally employ leverage, including, without limitation, through the use of borrowed funds and investments in options, such as puts and calls, regulated futures contracts, warrants and credit default swaps.

Also, they may engage in short sales. While such strategies and techniques increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss. If the Designated Managers selected by the Investment Manager use leverage with respect to a position, any losses would be more pronounced than if leverage were not used, and a relatively small price movement in a security or other financial instrument may result in immediate and substantial losses to the Underlying Funds. The level of interest rates generally, and the rates at which such funds may be borrowed in particular, could affect the operating results of the Funds.

5. General Credit Risks. The Underlying Funds will seek to take advantage of opportunities in the distressed credit arena and may be exposed to losses resulting from default and foreclosure. While assets purchased by the Underlying Funds may be collateralized, the Underlying Funds may be exposed to losses resulting from default. Therefore, the value of the underlying collateral, the creditworthiness of the borrower(s) or other counterparty and the priority of the lien are each of great importance. The Funds cannot guarantee the adequacy of the protection of the Funds' investment in Underlying Funds, including the validity or enforceability of underlying loan and securities documents and the maintenance of anticipated priority and perfection of applicable security interests. Furthermore, the Funds cannot assure that claims may not be asserted that might interfere with enforcement of rights that are important to the value of a distressed asset. Liquidation proceeds upon sale of distressed assets may not satisfy the entire outstanding balance of principal and interest on a loan or security, resulting in a loss. Any costs or delays involved in the effectuation of the liquidation of the underlying collateral will further reduce the proceeds and thus increase the loss. Distressed credit assets may have large uncertainties or major risk exposures to adverse conditions, and certain of them may be considered to be predominantly speculative. Generally, such credit assets offer a potentially higher return, but involve greater volatility of price and greater risk of loss of income and investment. The market values of certain distressed credit assets also tend to be more sensitive to changes in economic conditions than non-distressed credit assets. Furthermore, if the Underlying Funds were to foreclose on those debt obligations and take possession of the related collateral, the Underlying Funds' activities with respect to such collateral could result in unrelated business taxable income for U.S. Federal income tax purposes, which could cause adverse U.S. Federal income tax consequences for U.S. tax-exempt persons.
6. Distressed/Bankruptcy Investing. The Underlying Funds may invest in unrated or "distressed" securities, i.e., securities of companies that are experiencing significant financial or business difficulties, including companies involved in debt restructurings, in bankruptcy or other reorganization and liquidation proceedings. The Underlying Funds may also purchase financial instruments of companies that have low credit quality, and purchase securities and loans that are in default. Although such investments may result in significant returns, they typically involve a high degree of risk. Among the problems involved in investments in such issuers is the fact that it frequently may be difficult to obtain information as to the conditions of such issuers. Restructurings or reorganizations may fail to be completed or be substantially delayed and expected returns on their securities may never materialize. In addition, a significant period of time may pass between the time at which the Underlying Funds make their investment in distressed securities and the time that any such reorganization is completed. During this period, it is unlikely that the Underlying Funds will receive any dividend, interest or other disbursements on the distressed securities; the Underlying Funds will be subject to significant uncertainty as to such successful completion and the Underlying Fund may be required to bear certain expenses to protect its interest in the course of negotiations surrounding any potential reorganization.

Furthermore, nonperforming assets by their nature may prove uncollectible or not yield appreciable returns for considerable periods of time. The level of analytical sophistication, both financial and legal, necessary for successful investment in such assets, loans or claims is unusually high. Information necessary to properly evaluate a distress situation may be difficult to obtain or be unavailable and the risks attendant to a transaction may not necessarily be identifiable or susceptible of considered analysis at the time of investment. There is no assurance that the Underlying Funds will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or rehabilitation of a distressed asset or adequate realization upon such assets and claims. The Funds' performance may be substantially impaired by unsuccessful distressed or low credit investments. Optimal returns on distress situations may often require active participation by the Designated Managers in the transaction. While the Designated Managers may on occasion seek representation or an active role in such matters, its commitments to various advisory activities may preclude extensive involvement and it may be unsuccessful in obtaining significant influence as to particular distressed investments.

7. Accuracy of Public Information. The Designated Managers select investments for the Underlying Fund, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to the Designated Managers by the issuers or through sources other than the issuers. Although the Designated Managers evaluate all such information and data and ordinarily seek independent corroboration when the Designated Managers consider it is appropriate and reasonably available, the Designated Managers are 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.
8. Liquidity. Many of the investments that are made by the Funds will lack liquidity. Some of the Designated Managers only permit the Funds to withdraw its assets at specified times (*i.e.*, annually, semi-annually or quarterly) and many Designated Managers have the right to suspend the payment of withdrawals under certain circumstances. Furthermore, though it is intended that investments by the Partnership will be with Designated Managers which invest in securities, commodity futures or other financial instruments traded on listed exchanges, some may be thinly traded. This could present a problem in realizing the prices quoted and in effectively trading the position(s). In many situations, Designated Managers may invest in illiquid investments (including, without limitation, side pocket investments and follow-up investments) which could result in significant loss in value should the Designated Managers be forced to sell the illiquid investments as a result of rapidly changing market conditions or as a result of margin calls or other factors.
9. Independence of Designated Managers. The Partnership does not presently, and does not expect in the future to, control any of the Designated Managers, their choice of investments and other investment decisions, all of which will be totally within the control of such Designated Managers. The investments of the Funds are made pursuant to written disclosures from and/or agreements with a Designated Manager which provide, among other things, guidelines by which the Designated Manager will trade for the applicable Underlying Fund. Thus, while each Designated Manager undertakes to follow specified trading strategies, the written disclosures and/or agreements discussed above typically provide the Designated Managers with broad discretion to modify their trading strategies and therefore it is possible that a Designated Manager could deviate from its trading strategies, which deviation could result in, among other things, a less

profitable trading strategy or a riskier approach that could lead to a loss of all or part of the Partnership's investment with such Designated Manager. Furthermore, Designated Managers invest wholly independently of one another and may at times hold economically offsetting positions. To the extent that the Designated Managers do, in fact, hold such positions, the Partnership, considered as a whole, cannot achieve any gain or loss despite incurring fees and expenses. In addition, while currently neither the General Partner, the Investment Manager, nor any of their respective affiliates own any equity interests in any of the Designated Managers, it is possible that one or more of the affiliates of the General Partner or the Investment Manager will in the future acquire non-controlling interests in one or more of the Designated Managers.

10. Fraudulent Activities. There is a risk that a Designated Manager may knowingly, negligently or otherwise withhold or misrepresent information regarding the performance of the Designated Manager or the Underlying Fund including, without limitation, the presence or effects of any fraudulent or similar activities ("Fraudulent Activities"). The Funds' performance of their monitoring functions would generally not give the Partnership the opportunity to discover such situations prior to the time the Designated Manager discloses (or there is public disclosure of) the presence or effects of any Fraudulent Activities. Accordingly, the Funds can offer no assurances that a Designated Manager will not engage in Fraudulent Activities and cannot guarantee that it will have the opportunity or ability to protect the Funds from suffering a loss because of a Designated Manager's Fraudulent Activities.
11. Capacity of Designated Manager. Designated Managers may limit the amount of assets or the number of accounts that they will manage. To the extent the aggregate amount of assets in an Underlying Fund exceeds the amount deemed by the Designated Manager, in its sole and absolute discretion, to be the ideal amount to be invested in the applicable investment strategy utilized by such Underlying Fund, the returns of such Underlying Fund may be negatively impacted due to the inability of such Designated Manager to effectively manage the excess capacity in such Underlying Fund. Due to the fact that some Underlying Funds with superior returns are "closed" to new investment, the Investment Manager may seek to convince Designated Managers operating otherwise "closed" Underlying Funds to accept an investment from the Funds. If, due to capacity constraints, the Investment Manager is unable to invest with a particular Designated Manager or in a particular Underlying Fund, or is unable to invest the amount it would otherwise like to invest, the Funds may be unable to achieve its investment objective.
12. Counterparty Creditworthiness and Risk. The Underlying Funds deal in securities, commodities and other financial instruments that involve counterparties. Designated Managers may also purchase and sell commodity interests in connection with their investment strategies. Further, a Designated Manager may not be required to evaluate the creditworthiness of a counterparty. Under certain conditions, a counterparty to a transaction could default or the market for certain securities, commodities and/or financial instruments may become illiquid. In addition, the Underlying Funds could suffer losses if there were a default or bankruptcy by certain other third parties, including, without limitation, brokerage firms and banks with which the Underlying Funds do business, or to which securities have been entrusted for custodial purposes.

The loan counterparties with which the Underlying Funds may effect transactions may not be subject to 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, will not be available in connection with any lending activities of the Underlying Funds. This exposes the Funds to the

risk that a counterparty of the Underlying Funds 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 subjecting the Underlying Funds, and in turn, the Funds, to suffer a possible loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where an Underlying Fund has concentrated its transactions with a single or small group of counterparties. The Underlying Funds are generally not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. The ability of the Underlying Funds to transact business 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 suffered by the Underlying Funds, and indirectly, the Funds.

13. Futures Commission Merchants. Futures commission merchants (“FCMs”) used by the Designated Managers are required to segregate the assets of their clients. If an FCM does not properly segregate client assets, the bankruptcy or insolvency of such FCM increases the risk of loss of the Designated Manager’s assets held by the FCM. In addition, in certain circumstances a Designated Manager faces an increased risk of loss of assets held by an FCM even where assets are properly segregated.
14. Investments in Undervalued Securities. Designated Managers may seek to invest in undervalued securities. The identification of investment opportunities in undervalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Underlying Funds’ investments may not adequately compensate for the business and financial risks assumed. The Underlying Funds will make certain speculative investments in securities which the Designated Managers believe to be undervalued, however, there are no assurances that the securities purchased will in fact be undervalued. In addition, the Underlying Funds may be required to hold such securities for a substantial period of time before realizing their anticipated value. During this period, a portion of the Underlying Funds’ assets would be committed to the securities purchased, thus possibly preventing the Underlying Funds from investing in other opportunities.
15. Options. The Designated Managers may utilize options in furtherance of their investment strategies. Option positions may include both long positions, where a Designated Manager is the holder of put or call options, as well as short positions, where the Designated Manager is the seller (writer) of an option. Although option techniques can increase investment return, they can also involve a higher level of risk compared with their underlying securities. For example, the expiration of unexercised long options effectively results in loss of the entire cost, or premium paid for the option. Conversely, the writing of an uncovered put or call option can involve, similar to short selling, a theoretically unlimited risk of an increase in the Funds’ cost of selling or purchasing the underlying securities, commodities or other instruments in the event of exercise of the option.
16. Bank Loans. The Underlying Funds may invest in bank loans and participations. These positions are typically illiquid and difficult to value. In addition, in the case of such trading, the Designated Managers may come into possession of material non-public information relating to the borrower, preventing the Underlying Funds from trading in any securities of such issuer. These obligations

are subject to unique risks, including: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; and (iv) limitations on the ability of the Underlying Funds to directly enforce its rights with respect to participations. Bank loans are privately negotiated transactions, each of which has individualized terms. Analyzing these transactions requires in-depth review of the relevant documents as well as in-depth analysis of the often precarious financial condition of the borrower. In analyzing each bank loan or participation, the Designated Managers compare the relative significance of the risks against the expected benefits of the investment. Successful claims by third parties arising from these and other risks will be borne by the Underlying Funds, and indirectly, the Funds.

17. Loan Participations. The Underlying Funds may invest in loan participations. Investment in loan participations involves certain risks in addition to those associated with direct loans. A loan participant has no contractual relationship with the borrower of the underlying loan. As a result, the participant is generally dependent upon the lender to enforce its rights and obligations under the loan agreement in the event of a default and may not have the right to object to amendments or modifications of the terms of such loan agreement. A participant in a syndicated loan generally does not have the voting rights, which are retained by the lender. In addition, a loan participant is subject to the credit risk of the lender as well as the borrower, since a loan participant is dependent upon the lender to pay its percentage of payments of principal and interest received on the underlying loan. The Underlying Funds will acquire participations only if the seller of the participation is determined by the Investment Manager to be creditworthy.
18. Collateralized Debt Obligations. The Underlying Funds may invest in collateralized debt obligations (each, a "CDO"), collateralized loan obligations (each, a "CLO") and other related instruments. The portfolio may consist of CLO equity, multi-sector CDO equity, trust preferred CDO equity and CLO mezzanine debt. CDO securities are subject to credit, liquidity and interest rate risks. The CDO equity and other tranches purchased by the Underlying Funds may be unrated or non-investment grade, which means that a greater possibility that adverse changes in the financial condition of an issuer or in general economic conditions or both may impair the ability of the related issuer or obligor to make payments of principal or interest. Such investments may be speculative. In addition, as a holder of CDO equity, the Underlying Funds will have limited remedies available upon the default of the CDO.

The value of the CDO securities owned by the Underlying Funds generally will fluctuate with, among other things, the financial condition of the obligors or issuers of the underlying portfolio of assets of the related CDO ("CDO Collateral"), general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. Consequently, holders of CDO securities must rely solely on distributions on the CDO Collateral or proceeds thereof for payment in respect thereof. If distributions on the CDO Collateral are insufficient to make payments on the CDO securities, no other assets will be available for payment of the deficiency and following realization of the CDO securities, the obligations of such issuer to pay such deficiency generally will be extinguished.

Issuers of CDO securities will sometimes acquire interests in loans and other debt obligations by way of sale, assignment or participation. The purchaser of an assignment typically becomes a lender under the credit agreement with respect to the loan or debt obligation; however, its rights can be more restricted than those of the assigning institution. In purchasing participations, an

issuer of CDO securities will usually have a contractual relationship only with the selling institution, and not the borrower. The CDO generally will have neither the right directly to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set-off against the borrower, nor have the right to object to certain changes to the loan agreement agreed to by the selling institution. The CDO may not directly benefit from the collateral supporting the related loan and may be subject to any rights of set-off the borrower has against the selling institution. In addition, in the event of the insolvency of the selling institution, under the laws of the United States and the states thereof, the CDO may be treated as a general creditor of such selling institution, and may not have any exclusive or senior claim with respect to the selling institution's interest in, or the collateral with respect to, the loan. Consequently, the CDO may be subject to the credit risk of the selling institution as well as of the borrower.

19. Equitable Subordination. Under common law principles that in some cases form the basis for lender liability claims, if a lender: (i) intentionally takes an action that results in the undercapitalization of a borrower or issuer to the detriment of other creditors of such borrower or issuer, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (iv) uses its influence as a stockholder to dominate or control a borrower or issuer to the detriment of other creditors of such borrower or issuer, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors (a remedy called "equitable subordination"). It is not anticipated that the Underlying Funds would engage in conduct that would form the basis for a successful cause of action based upon the equitable subordination doctrine; however, because of the nature of the debt obligations, the Underlying Funds may be subject to claims from creditors of an obligor that debt obligations of such obligor which are held by the issuer should be equitably subordinated.
20. Non-Performing Nature of Debt. It is anticipated that certain debt instruments purchased by the Designated Managers for the Underlying Funds will be non-performing and possibly in default. Furthermore, the obligor or relevant guarantor may also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments, if any, with respect to the loans.
21. Contingent Liabilities. From time to time the Underlying Funds may incur contingent liabilities in connection with an investment. For example, the Underlying Funds may purchase from a lender a revolving credit facility that has not yet been fully drawn. If the borrower subsequently draws down on the facility, the Underlying Funds would be obligated to fund the amounts due. The Underlying Funds may also enter into agreements pursuant to which they agree to assume responsibility for default risk presented by a third-party, and may, on the other hand, enter into agreements through which third-parties offer default protection to the Underlying Funds.
22. Derivative Instruments. Designated Managers may invest Underlying Fund capital with or through third parties through swaps, total return swaps and other derivative instruments. Designated Managers 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 such opportunities are both consistent with their investment objectives and legally permissible. Special risks may apply to instruments that are invested in by the Underlying Funds in the future that cannot be determined at this time or until such instruments are developed or invested in by the Underlying Funds. Certain swaps, total return swaps and other derivative instruments may be subject to various types of risks, including market

risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk.

23. Forward Contract Markets. Designated Managers may trade forward contracts (and options on forward contracts). These securities are not traded on exchanges and are individually negotiated and therefore can be highly illiquid. The principals in forward contract markets are not required to continue to make such markets or to continue to deal in forward contracts of all currencies and/or commodities. In addition, forward contract markets are subject to significant disruptions, including through the intervention of governmental authorities. Therefore, Designated Managers that trade forward contracts may experience liquidity or other problems, and may incur substantial losses on such investments.
24. Short Sales. Designated Managers may sell securities short. 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. The Designated Managers may be subject to losses if a security lender demands return of the lent securities and an alternative lending source cannot be found or if the Designated Managers are otherwise unable to borrow securities which are necessary to cover their positions.
25. Proprietary Investment Strategies. Designated Managers may use proprietary investment strategies that are based on considerations and factors that are not fully disclosed to the General Partner, the Investment Manager or the Partnership. These strategies may involve risks under some market conditions that are not anticipated by the General Partner, the Investment Manager or the Partnership. The Designated Managers generally use investment strategies that are different than those typically employed by traditional managers of portfolios of stocks and bonds and may involve significantly more risk and higher transaction costs than more traditional investment methods. Additionally, it is possible that the performance or the specific investments of the Designated Managers may be closely correlated to each other in some market conditions, resulting (if those returns are negative) in significant losses to the Partnership and its investors.
26. Concentration of Holdings. At any given time, an Underlying Fund's assets may become highly concentrated within a particular company, industry, asset category, trading style or financial or economic market. In such event, the Underlying Fund's portfolio will be more susceptible to fluctuations in value resulting from adverse economic conditions affecting the performance of that particular company, industry, asset category, trading style or financial or economic market, than a less concentrated portfolio would be. As a result, if an Underlying Fund's investment portfolio becomes concentrated, its aggregate return may be volatile and may be affected substantially by the performance of only one or a few holdings. The Designated Managers are not obligated to hedge their positions.
27. Concentration and Non-Diversification of Investments. The Partnership itself will attempt to diversify its portfolio over time by investing in numerous Underlying Funds. However, a number of Underlying Funds may have overlapping strategies and thus could accumulate large positions in the same or related instruments without the Investment Manager's knowledge. Even if known, the Investment Manager's ability to avoid such concentration would depend on their ability to reallocate the Partnership's capital among existing or new Designated Managers, which might not be feasible for several months until withdrawals and contributions are permitted. To the extent

the assets of the Underlying Funds do so concentrate, the overall adverse impact on the Partnership of adverse developments in the business of such issuer, such industry or such country could be considerably greater than if it did not concentrate its investments to such an extent.

28. Compensation Arrangements with the Designated Managers. Designated Managers may receive incentive compensation from the Partnership based on the performance of their portfolios. Such compensation arrangements may create an incentive to make investments that are riskier or more speculative than would be the case if such arrangements were not in effect. In addition, because performance-based compensation may be calculated on a basis which includes unrealized appreciation of the Partnership's assets, such performance-based compensation may be greater than if such compensation were based solely on realized gains. It is possible that certain Designated Managers may receive incentive compensation, even though the Partnership, as a whole, does not have net capital appreciation. Additionally, Designated Managers may receive incentive compensation prior to the expiration of the lock-up period, if any, relating to the Partnership's capital contribution to the Underlying Fund managed by such Designated Manager and may be so even in cases where there was no aggregate gain at the end of such lock-up period.
29. Systemic Risk. World events and/or the activities of one or more large participants in the financial markets and/or other events or activities of others could result in a temporary systemic breakdown in the normal operation of financial markets. Such events could result in the Designated Managers losing substantial value caused predominantly by liquidity and counterparty issues (as noted above), which could result in the Partnership incurring substantial losses.
30. Non-U.S. Investments; Emerging Market Risk. A Designated Manager may invest all or a portion of its assets in non-U.S. securities and interests denominated in non-U.S. currencies and/or traded outside of the United States, including emerging market securities and interests. Such investments require consideration of certain risks not typically associated with investing in securities traded in the United States or other assets. Such risks include, among other things, unfavorable currency exchange rate developments, restrictions on repatriation of investment income and capital, imposition of exchange control regulation, confiscatory taxation, and economic or political instability in foreign nations. In addition, there may be less publicly available information about certain non-U.S. companies than would be the case for comparable companies in the United States, and certain non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies.
31. Quantitative Models. Certain Designated Managers may trade on the basis of non-discretionary mathematical trading models. Generally, such models are programmed to identify investment opportunities based on the occurrence of specified events and/or situations. Should such events and/or situations not occur, the models may not generate any investment opportunities and/or profits. Further, the reliance on a model may cause a Designated Manager to not act on the occurrence of an event and/or situation that would otherwise cause the Designated Manager to act.
32. Market Dislocation and Illiquidity. Recent events in the sub-prime mortgage market and other areas of the fixed income markets in the United States have caused significant dislocations, illiquidity and volatility in the structured credit, leveraged loan and high-yield bond markets. These events have had repercussions on the global financial markets, including the markets in which the Underlying Funds trades and invests, by restricting the availability of credit generally,

and reducing liquidity levels across virtually all markets globally. The foregoing events could lead to an overall weakening of the U.S. and global economies. Any resulting economic downturn could adversely affect certain of the Underlying Funds' investments. Such marketplace events also may restrict the ability of the Underlying Funds to sell or liquidate investments at favorable times and/or for favorable prices and/or cause the Underlying Funds to have limited access to credit. The Underlying Funds may be adversely affected by a decrease in market liquidity (e.g., by impairing the Underlying Funds' ability to adjust their positions and risk in response to trading losses or other adverse developments). The size of Underlying Funds' positions may magnify the effect of a decrease in market liquidity for the instruments traded. Changes in the overall market leverage (e.g., deleveraging or liquidations by other market participants of the same or similar positions) also may adversely affect the Underlying Funds' positions.

33. Inflation Risk. Inflation risk results from the variation in the value of cash flows from a security due to inflation, as measured in terms of purchasing power. For example, if the Underlying Funds purchase a 5-year bond in which it can realize a coupon rate of five percent (5%), but the rate of inflation is six percent (6%), then the purchasing power of the cash flow has declined. For all but inflation linked bonds, adjustable bonds or floating rate bonds, the Underlying Funds are exposed to inflation risk because the interest rate the issuer promises to make is fixed for the life of the security. To the extent that interest rates reflect the expected inflation rate, floating rate bonds have a lower level of inflation risk.
34. Currency Risk. The Partnership may make investments with Designated Managers which will be denominated in one or more currencies other than U.S. Dollars. The Investment Manager does not expect to hedge the Partnership's exposure to currency fluctuations. In addition, a Limited Partner who generally holds its assets in one or more currencies other than U.S. Dollars should consider that the currency exchange rate(s) between the U.S. Dollar and the Limited Partner currency or currencies may fluctuate in an unfavorable manner.
35. General Economic Conditions. The success of any investment activity is affected by general economic conditions, which include the level and volatility of interest rates, credit spreads and equity valuations and the extent and timing of investor participation in the markets for both equities and interest-sensitive instruments. Unexpected volatility or illiquidity in the markets in which the Partnership (directly or indirectly through Designated Managers) holds positions could cause the Partnership to incur losses.

Regulatory Risks

1. Strategy Restrictions. Certain Prospective Investors may be restricted from directly utilizing investment strategies of the type the Partnership or the Designated Managers currently engage in and may engage in. Such Prospective Investors should consult their own advisors, counsel and accountants.
2. Trading Limitations. For all securities and commodities, including options and regulated futures contracts listed on a public exchange, the exchange generally has the right to suspend or limit trading under certain circumstances, including the right to impose position limits and price limits on persons or groups of persons. Such suspensions or limits could render certain strategies difficult to complete or continue and subject the Partnership to loss.

3. No Registration. The Partnership is not registered as an “investment company” under the ICA in reliance upon Section 3(c)(7) thereof. In addition, it is expected that the Underlying Funds in which the Investment Manager will invest Partnership assets will be exempt from registration under the ICA under Section 3(c)(1) or Section 3(c)(7) thereof. Further, the General Partner is exempt from registration as a CPO with the CFTC under CFTC Rule 4.13(a)(4) and the Investment Manager is exempt from registration as a CTA with the CFTC under CFTC Rule 4.14(a)(8). However, some of the pooled investment vehicles and accounts in which the Investment Manager plans to invest Partnership assets may be directed by CFTC registered CPOs and/or CTAs. Consequently, the Limited Partners and the Partnership will not benefit from certain of the protections afforded by such statutes.
4. Tax Risk. Reference is made to “*CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS*” in the respective Fund’s private placement memorandum for a discussion of certain tax risks inherent in the acquisition of Class A Interests.
5. Benefit Plan Regulatory Risks. Although benefit plan investors may purchase Interests in the Funds, the Funds intend to limit investment in the Partnership by “benefit plan investors” (as described under “ERISA AND OTHER BENEFIT PLAN CONSIDERATIONS”) so that the assets of the Partnership will not be treated as including the “plan assets” of any investor which is subject to Title I of ERISA or to Section 4975 of the Code. Accordingly, the Partnership does not anticipate that it, the General Partner or the Investment Manager will be subject to the fiduciary or other requirements of ERISA, the prohibited transaction rules of ERISA or the Code or any other related requirements with respect to any investing plan. However, if the Partnership were at any point to be deemed to hold plan assets for purposes of ERISA or the Code, the General Partner and/or the Investment Manager could be exposed to litigation, penalties and liabilities which might adversely affect their ability to fully satisfy their contractual obligations to the Partnership.
6. General Business and Regulatory Risks of Hedge Funds. Legal, tax and regulatory changes could occur during the term of the Partnership that may adversely affect the Partnership. The regulatory environment for hedge funds is evolving, and changes in the regulation of hedge funds may adversely affect the value of investments held by the Partnership and the ability of the Partnership to pursue its investment strategy. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. The SEC, other regulators, self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action. The effect of any future regulatory change on the Partnership could be substantial and adverse.
7. Risk of Litigation. From time to time, a Designated Manager and/or an Underlying Fund may be named as a defendant in a lawsuit or regulatory action. As a result of such action, the assets of the Underlying Fund may be frozen, and the Partnership may not be able to liquidate its interest in the Underlying Fund. In certain cases, the Partnership may be called on to testify and/or provide information (including, without limitation, a list of Limited Partners) in connection with such lawsuit or regulatory action. The Partnership may also be named as a defendant in the lawsuit or regulatory action. Litigation and regulatory actions can be time-consuming and expensive, and can frequently lead to unpredicted delays or losses.

8. Changes in Applicable Law. The Partnership must comply with various legal requirements, including, without limitation, requirements imposed by the commodities laws, tax laws and pension laws in various jurisdictions. Should any of those laws change, the legal requirements to which the Partnership and the Class A Limited Partners may be subject could differ materially from current requirements.

Partnership Risks

1. Risk of Loss. An investment in the Partnership is speculative. Class A Limited Partners may incur substantial losses on their investments in the Partnership.
2. Limited Operating History of Partnership. The Partnership is recently formed and has a limited operating history. The success of the Partnership depends on the ability and experience of the General Partner and the Investment Manager and there can be no assurance that the General Partner or the Investment Manager will generate any gains or profits for the Partnership. In addition, the past performance of the founders of the General Partner, the Investment Manager and their respective affiliates is no guarantee of future performance.
3. Limited Liquidity. An investment in the Partnership provides limited liquidity. A Class A Limited Partner generally has the right, commencing twelve (12) months after the date of a capital contribution by such Class A Limited Partner, to withdraw all or any portion of such Class A Limited Partner's capital account(s) as of June 30th and December 31st of each calendar year, upon at least sixty-five (65) days' prior written notice to the Administrator. Further, under certain circumstances, the Partnership may suspend the payment of withdrawals. Class A Interests are not freely transferable. In connection with the purchase of the Class A Interests pursuant to this Memorandum, each Prospective Investor must represent that the Prospective Investor is acquiring the Class A Interests for investment purposes only and not with a view to or for resale, distribution or fractionalization of the Class A Interests. The Class A Interests have neither been registered under the 1933 Act nor under the securities or "blue sky" laws of any state or any other jurisdiction and, therefore, are subject to transfer restrictions. A secondary market does not exist, and one is not expected to develop, for the Class A Interests.
4. Credit Facility. The Partnership may, during the term of the Partnership, through one or more credit facilities, repurchase transactions or similar arrangements, directly borrow or otherwise have access to funds as determined by the General Partner. The Partnership may, but do not currently intend to, use borrowings for the purpose of making investments. Borrowing may also be used to fund investments with Designated Managers until subscriptions are received or to pay withdrawals which would otherwise result in the premature liquidation of investments, as the case may be. The use of borrowing creates special risks and may significantly increase the Partnership's risk. Borrowing creates an opportunity for greater yield and total return, but, at the same time, will increase the Partnership's exposure to capital risk and interest costs. If the Partnership uses leverage with respect to an investment in an Underlying Fund, any losses would be more pronounced than if leverage were not used, and a relatively small movement in the value of such Underlying Fund may result in substantial losses to the Partnership. Any investment income and gains earned on investments made through the use of borrowings that are in excess of the interest costs associated therewith may cause the Partnership's Net Worth to increase more rapidly than would otherwise be the case. Conversely, where the associated interest costs are greater than such income gains, the Partnership's Net Worth may decrease more rapidly than would otherwise be the case. The Partnership will bear all of the costs and expenses incurred in

connection therewith, including any interest expense charged on funds borrowed or otherwise accessed. In addition, the lender or counterparty, as the case may be, will have a security interest in, or otherwise acquire, all or a portion of the Partnership's assets. In the event that the Partnership defaults under any such arrangement, such lender or counterparty will have the right to become or remain the owner of all or that portion of the Partnership's assets secured pursuant to such arrangement. If such arrangement is terminated, the Partnership's ability to meet its investment objective may be adversely impaired.

5. Withdrawal. Class A Limited Partners may only withdraw from their capital accounts at certain limited times and upon certain required advance notice. Withdrawals are also subject to the liquidity of the Partnership's investments with the Designated Managers. It is possible that one or more large withdrawals by one or more Class A Limited Partner(s) could result in the Partnership liquidating interests with certain Designated Managers. This could result in the reduction of the diversification of the Partnership's assets. Under certain limited circumstances, the Partnership may suspend the payment of withdrawals. See "*SUMMARY OF TERMS - Withdrawals of Capital*". In addition, interests in a Side Pocket Account may not be withdrawn until a Realization Event occurs. Withdrawals generally will be paid by the Partnership based on estimated unaudited financial data. In the event that there is a subsequent adjustment to the estimated unaudited financial data that was originally used to calculate the withdrawal amount, generally such adjustment will be reflected in the calculation of the Net Worth attributable to the Interests as of the next succeeding Business Day on which the Net Worth is determined. As a result, the withdrawing Class A Limited Partner may receive more or less than such withdrawing Class A Limited Partner would be entitled to receive based on the adjusted estimated unaudited financial data and other applicable Class A Limited Partners will absorb the excess or deficiency resulting therefrom.
6. "New Issues". Designated Managers with whom the Partnership invests may invest in "new issues", as such term is defined under applicable rules of FINRA. Therefore, the Partnership may have "new issues" income. The Partnership will only allocate a limited amount of the gains or losses attributable to "new issues" to Class A Limited Partners who are deemed to be "restricted persons" under such rules. Such "restricted persons" may have an economic disadvantage as compared to those Class A Limited Partners who do participate in "new issues" since some of the Partnership's assets will be used to fund the purchase of "new issues" as to which the "restricted persons" will derive limited benefit.
7. Frequency of Trading. Some of the strategies and techniques employed by Designated Managers require frequent trades to take place and, as a consequence, portfolio turnover and brokerage commissions may be greater than for other investment entities of similar size.
8. Fees and Expenses. The Partnership is subject to a "layering" of asset-based or performance-based allocations, fees and expenses. The Partnership is directly subject to the Class A Management Fee, the Class A Performance Allocation and expenses as discussed herein and is indirectly subject, through its investments with Designated Managers, to both asset-based and performance-based fees or allocations charged by the Underlying Funds, as well as the ongoing expenses of those Underlying Funds. The asset-based fees of the Designated Managers generally are expected to range from 0.5% to 2.5%, and the performance-based allocations or fees of the Designated Managers generally are expected to range from 15% to 25% of net income or capital appreciation. An additional "layer" of fees and expenses may be added where the Partnership invests in a Multi-Manager Structure. Such fees and expenses, in the aggregate, will exceed the

fees and expenses that would typically be incurred by an investor making a direct investment in an Underlying Fund. In addition, performance based compensation arrangements may create an incentive for the Designated Managers to make investments that are more risky or more speculative than would be the case if such arrangements were not in effect.

9. Managed Account Allocations. The Investment Manager may place assets of the Partnership with Designated Managers by opening managed accounts. Given the leverage at which certain of the Designated Managers trade, a managed account may expose the Partnership to theoretically unlimited liability. In order to limit the liability of the Partnership solely to the assets the Investment Manager places in a particular managed account, the Investment Manager may make managed account allocations through a separate investment vehicle. The Partnership will bear its proportionate share of the costs and expenses associated with the establishment and ongoing operation of such vehicles.
10. Concentration. While the Investment Manager intends to allocate the Partnership's equity among a number of Designated Managers with differing strategies and techniques, there are no fixed allotments. Therefore, although the Partnership seeks a diversified portfolio of Designated Managers, there is a risk that one of the strategies or techniques may have a disproportionate share of the Partnership's assets and/or that the Partnership's portfolio will be highly concentrated and more susceptible to adverse conditions, poor investment decisions or other factors which negatively affect the performance of the Underlying Funds.
11. Reserve for Contingent Liabilities. Under certain circumstances, the General Partner may find it necessary to establish a reserve for contingent liabilities or withhold a portion of a Limited Partner's withdrawal payment at the time of withdrawal, in which case the reserved portion would remain at the risk of the Partnership's activities.
12. No Participation in Management. The management of the Partnership's operations is vested solely in the General Partner, a portion of which has been delegated to the Investment Manager and the Limited Partners will have no right to take part in the conduct or control of the business of the Partnership. In connection with the management of the Partnership's business, the General Partner and the Investment Manager will contribute services to the Partnership and devote thereto such time in its discretion as it deems appropriate. See "*CONFLICTS OF INTEREST*".
13. Lack of Separate Representation. None of the Investment Management Agreement or any of the agreements, contracts and arrangements between the Partnership, on the one hand, and the General Partner, the Investment Manager and/or their respective affiliates, on the other hand, were or will be the result of arm's-length negotiations. The attorneys, accountants and others who have performed services for the Partnership in connection with this issuance of Interests, and who will perform services for the Partnership in the future, have been and will be selected by the General Partner.
14. Limitation of Liability and Indemnification of General Partner and Investment Manager. Under Delaware law, a general partner is accountable to the limited partners as a fiduciary and, consequently, is required to exercise good faith and integrity in handling the affairs of the Partnership. The Partnership Agreement and the Investment Management Agreement provide that the General Partner and the Investment Manager, as applicable, shall be indemnified against, and shall not be liable for, any loss or liability incurred in connection with the affairs of the Partnership, so long as such loss or liability arose from action or inaction not involving any fraud,

gross negligence or willful misconduct. In addition, the General Partner and the Investment Manager shall be indemnified against, and shall not be liable for, the negligence, dishonesty or bad faith of any employee, broker or agent of the General Partner or the Investment Manager, as applicable, provided such employee, broker or agent was selected, engaged or retained with reasonable care. Therefore, a Limited Partner may have a more limited right of action against the General Partner and the Investment Manager than a Limited Partner would have had absent these provisions in the Partnership Agreement and the Investment Management Agreement. In addition, the General Partner and the Investment Manager are indemnified by each Limited Partner against certain losses and liabilities as provided in the Subscription Agreement. **Nothing in the Fund Documents shall constitute a waiver or limitation of any rights which a Limited Partner may have under applicable securities laws.**

15. Dependence on the Investment Manager and Designated Managers. The Investment Manager invests assets of the Funds with Designated Managers. The success of the Funds depends upon the ability of the Investment Manager and the Designated Managers to develop and implement investment strategies that achieve the Fund's investment objective. Subjective decisions made by the Investment Manager and/or the Designated Managers may cause the Funds to incur losses or to miss profit opportunities on which it could otherwise have capitalized. In addition, the overall performance of the Partnership is dependent not only on the investment performance of individual Designated Managers, but also on the ability of the Investment Manager to select and allocate the Partnership's assets among such Designated Managers effectively on an ongoing basis. There can be no assurance that the allocations made by the Investment Manager will prove as successful as other allocations that might otherwise have been made, or as adopting a static approach in which Designated Managers are not changed.
16. Reliance on Key Individuals. If the Investment Manager should lose the services of certain members of its investment team, its ability to perform its responsibilities will be impaired. Limited Partners will have no special withdrawal rights in such event. In addition, a Designated Manager may rely on the service of certain key personnel. The loss of the services of such personnel may impair a Designated Manager's ability to perform its responsibilities and could result in the Partnership liquidating its interest with such Designated Manager.
17. Use of Estimates. Each Limited Partner will receive: (i) annual audited financial statements, prepared in accordance with GAAP, (ii) unaudited account statements at least quarterly, and (iii) such other reports as determined by the General Partner in its sole and absolute discretion. The unaudited financial reports and estimated reports of Net Worth will be based solely on estimated and unaudited valuations that the Partnership receives from Designated Managers. The estimated and unaudited financial data used to determine the applicable Net Worth of the Interests will be based on the information available to the General Partner at the relevant time and such information may not be complete. The General Partner will have no ability to assess the accuracy of the valuations received from the Designated Managers. Therefore, the estimated Net Worth of the Interests may be significantly higher or lower than the actual Net Worth of the Interests as determined based upon audited financial data of the Underlying Funds advised by the Designated Managers.
18. Delayed Schedules K-1. It is likely that the Funds will be unable to provide final Schedules K-1 to Limited Partners for any given fiscal year until significantly after April 15 of the following year. The Funds will provide Schedules K-1 as soon as practical after receipt of all of the necessary information. Schedules K-1 will not be available until completion of the Fund's annual

audit (which may be six months or more after year-end). Limited Partners should be prepared to obtain extensions for filing their Federal, state and local income tax returns. Prospective Investors are strongly advised to consult their tax advisors with specific reference to their tax situation prior to purchasing an Interest.

As a fund-of-hedge funds, the Schedule K-1 generated by the Funds is likely to be more complex than the Schedule K-1 generated by an Underlying Fund. The cost to a Limited Partner of incorporating the information in the respective Fund's K-1 in its income tax return may exceed the costs that would have been incurred had the Limited Partner made a direct investment in an Underlying Fund.

19. Reports to Limited Partners. Although it is intended that Limited Partners will receive unaudited performance information at least quarterly, as well as annual audited financial reports, as a privately offered investment company, the Funds are not required to provide periodic pricing or valuation information to the Limited Partners.
20. Additional Classes and Side Letters. The Funds shall have the power to create and establish such other Classes of Interests having such relative rights, powers and duties as may from time to time be established by the General Partner, without notice to, or the consent or other approval of, the Limited Partners. In addition, the General Partner shall have the power to enter into Side Letters with one or more Limited Partners which provide such Limited Partners with additional and/or different rights than such Limited Partners have pursuant to the Fund's Partnership Agreement and/or any agreement, instrument or other document executed and/or delivered in connection herewith, without notice to, or the consent or other approval of, the Limited Partners. Limited Partners of additional Classes and Limited Partners with Side Letters may or may not be required to invest different minimum amounts, pay (directly or indirectly) different fees and have certain other terms (including, without limitation, access to information, the ability to withdraw on shorter notice and/or at different times and/or responsibility for expenses) applicable to them that are different than those that are applicable to other Limited Partners, all as determined by the General Partner or the Investment Manager. In general, subject to the voting rights of the Class A Interests and the voting rights, if any, of the other Interests, neither the General Partner nor the Investment Manager not be required to notify any or all of the other Limited Partners of any such additional Classes or Side Letters or any of the rights and/or terms or provisions thereof, nor will the General Partner or the Investment Manager be required to offer such additional and/or different rights and/or terms to any or all of the other Limited Partners. The other Limited Partners will have no recourse against the Partnership, the General Partner, the Investment Manager and/or any of their respective affiliates in the event certain Limited Partners receive additional and/or different rights and/or terms as a result of any such additional Classes and/or Side Letters. The General Partner and/or the Investment Manager may enter into such Side Letters with any party as they may determine in their sole and absolute discretion at any time.
21. Investments by Underlying Funds That May be Illiquid. From time to time, a significant portion of each Underlying Fund's portfolio may be invested in illiquid securities and other instruments, some or all of which may be designated by the Designated Managers as side pocket investments. In some cases an Underlying Fund may be contractually prohibited from disposing of such investments for a specified period of time. Further, under adverse market or economic conditions or in the event of adverse changes in the financial condition of the issuer, an Underlying Fund may find it more difficult to sell such securities and/or instruments when the Designated Manager believes it advisable to do so or may be able to sell such securities and/or instruments only at

prices lower than if the securities and/or instruments were more widely held. In such circumstances, an Underlying Fund may find it more difficult to determine the fair market value of such securities for valuing the Underlying Fund's portfolio and therefore the Investment Manager will have corresponding difficulty in valuing the Partnership's investment in the Underlying Fund. There may be no market for such securities and/or instruments or for a substantial percentage of such securities. To the extent there is a market for such securities, the market will be limited to a narrow range of potential counterparties, such as institutions and investment banks. These investments could prevent the Underlying Fund from liquidating unfavorable positions promptly and subject it to substantial losses. Further, such investments could also impair the Underlying Fund's ability to distribute withdrawal proceeds to the Partnership in a timely manner and/or the Underlying Fund may distribute to the Partnership in-kind distributions. As a result, the Partnership's ability to distribute withdrawal proceeds to Limited Partners in a timely manner could be impaired or the Partnership may satisfy any such withdrawal requests, in whole or in part, with in-kind distributions. See "*RISK FACTORS -- In-Kind Distributions*".

22. In-Kind Distributions. There can be no assurance that the Funds will have sufficient cash to satisfy withdrawal requests, or that it will be able to liquidate investments to satisfy such withdrawal requests at favorable prices. Under the foregoing circumstances, and under other circumstances as may be deemed appropriate by the General Partner, a Limited Partner may receive an in-kind distribution from the respective Fund's portfolio. Such distribution may constitute interests in the Underlying Fund, or securities or instruments distributed to the Funds by the Underlying Funds in full or partial satisfaction of the Partnership's withdrawal request. The General Partner may cause the Funds to distribute such securities or instruments directly to the Limited Partners, or, may create a special purpose vehicle or a liquidating trust to hold such securities or instruments until they can be sold. Such securities and instruments may not be readily marketable or saleable and may have to be held by such Limited Partner (or the special purpose vehicle or liquidating trust created to hold such assets) for an indefinite period of time. The risk of loss and delay in liquidating these securities (including any expenses involved in the organization and maintenance of a special purpose vehicle or liquidating trust) will be borne by the Limited Partner, *pro rata* in relationship to its interest in a special purpose vehicle or liquidating trust if such assets are held in a special purpose vehicle or liquidating trust, with the result that such Limited Partner may receive less cash than it would have received on the date of withdrawal.
23. Conflicts of Interest. The General Partner and the Investment Manager, each in such respective capacity, are subject to certain potentially material conflicts of interest. See the caption heading "Conflicts of Interest" in the Summary of Terms and the section of the Private Placement Memorandums entitled "*CONFLICTS OF INTEREST*".
24. Change in Investment Strategies. The investment strategies, approaches and techniques discussed herein may evolve over time due to, among other things, market developments and trends, the emergence of new or enhanced investment products, changing industry practice and/or technological innovation. As a result, these investment strategies, approaches and techniques may not reflect the investment strategies, approaches and techniques actually employed by the Funds or the Designated Managers. Nevertheless, the investments made on behalf of the Funds will be consistent with the respective Fund's investment objective.

25. Prior Fiscal Period Items. In general, and notwithstanding any of the allocation rules discussed herein, if the Partnership has a material item of income or loss in any fiscal period that relates to a matter or transaction occurring during a prior fiscal period, the item of income or loss may, in the sole and absolute discretion of the General Partner, be shared among the Partners (including persons who have ceased to be Partners) in accordance with their interest in the Partnership during the prior period. A person who has ceased to be a Partner will be liable for its proportionate share of prior fiscal period items and will pay such share on demand, but the amount to be paid will not exceed the amount of such Partner's capital account at the time such prior fiscal period item arose.
26. Other Clients and Funds. The General Partner, the Investment Manager and/or their respective affiliates may from time to time sponsor or advise other clients or investment vehicles. In connection with the operation of the accounts of such clients or vehicles, the General Partner, the Investment Manager and/or their affiliates may employ substantially similar investment strategies and/or invest in substantially similar securities to the strategies employed or securities invested by the Partnership. In either case, the General Partner, the Investment Manager and/or their respective affiliates may receive fees from the Partnership and such clients or vehicles.
27. Cross-Class Liability. If, in the future, the liabilities of a Class of Interests exceed its assets, creditors of such Class may have recourse to the assets attributable to the other Classes.

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 Palmer Square or the integrity of Palmer Square's management. Palmer Square has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Other Investment Adviser

Palmer Square is affiliated, through affiliation by common control, with other SEC registered investment advisers, Montage Investments, LLC (“Montage”) (CRD No. 152607), Nuance Investments, LLC (“Nuance”) (CRD No. 148534), Convergence Investment Partners, LLC (“CIP”) (CRD No. 148472), Ascent Investment Partners, LLC (“AIP”) (CRD No. 152533), The Nations Group Advisors, LLC (“TNGA”) (CRD No. 152047), 440 Investment Group, LLC (“440 Investment Group”) (CRD No. 155399), Mariner Wealth Advisors, LLC (“MWA”) (CRD No. 140195), and Tortoise Capital Advisors, LLC (“TCA”) (CRD No. 123711), respectively.

Investment Company or Other Pooled Investment Vehicles

As discussed earlier, Palmer Square and/or its affiliates operate multiple hedge fund of funds. Palmer Square serves as investment adviser to such hedge fund of funds. Palmer Square or an affiliate will serve as general partner or company manager to such hedge fund of funds. As of the date of this brochure, one of Palmer Square’s affiliates by common control, CIP, serves as investment manager and an affiliate serves as general partner, to CIP Long/Short Equity Fund, L.P. CIP Long/Short Equity Fund, L.P. invests primarily in exchange-traded US equity securities, but it may also invest in ETFs, options, futures, money market funds, commercial paper, Treasury bills and other short-term debt securities.

Palmer Square is the investment manager of Palmer Square Multi-Strategy Fund L.P. (“Multi-Strategy Fund”), Palmer Square Multi-Strategy Fund, Ltd. (“Multi-Strategy Fund, Ltd.”), both fund of funds comprising of a diversified portfolio of managers employing a variety of investment strategies, Palmer Square Opportunity Fund L.P. (“Opportunity Fund”), a fund of funds designed to capitalize on market opportunities, Palmer Square Emerging Manager Fund, L.P. (“Emerging Manager Fund”), and is sub-advisor to Colony Multi-Strategy Fund, L.P. (“Colony Fund”). One of its Advisory Affiliates by nature of affiliation by common control, 440 Partners is the investment manager of 440 Partners, L.P., a multi-strategy systematic hedge fund. Palmer Square is not involved in any aspect of the operations of 440 Partners.

All relevant information, terms and conditions relative to the Multi-Strategy Fund, Opportunity Fund, Emerging Manager Fund, Colony Fund, Multi-Strategy Fund, Ltd., and *440 Partners*, including the investment objectives and strategies, minimum investments, qualification requirements, suitability, fund expenses, risk factors, and potential conflicts of interest, are set forth in the offering documents (which typically include confidential private offering memorandum, Limited Partnership Agreement, and Subscription Agreement, which each investor is required to receive and/or execute prior to being accepted as an investor).

One or more of our Affiliates, are members of Mariner Real Estate Management, LLC, which manages and operates Mariner Real Estate Partners (“MREP”), Mariner Real Estate Partners II (“MREP”), and Mariner Real Estate Partners III (“MREP III”), all of which are pooled investment vehicles focusing on real estate investments. MREP and MREP II are closed to any new investors.

One or more of our Affiliates are members of Mariner Private Equity, LLC, which manages and operates Mariner Capital Partners, LLC (“MCP”) and Mariner Capital Ventures, LLC (“MCV”), both of which are private equity firms with investments in different private companies. Both MCP and MCV are closed to

new investors. MCP relies on an exemption from registration under the Investment Company Act of 1940 that is available to limited liability companies whose membership interests are beneficially owned by investors who qualify as “qualified purchasers.”

Accounting Firm

Palmer Square does not render accounting advice or tax preparation services to its clients.

One of Palmer Square’s affiliates due to common control is Mariner Consulting, a Certified Public Accounting Firm.

Law Firm

Palmer Square does not render legal advice or any other legal services to its clients.

One of Palmer Square’s affiliates due to common control, Kirk Lambright, is a licensed practicing attorney.

Insurance Company or Agency

Palmer Square has no operational involvement with an insurance company or agency other than it has an affiliates due to common control, Power Group Co. LLC and Mariner Insurance Resources, LLC, both of which are duly licensed insurance agencies.

Real Estate Broker or Dealer

Palmer Square has no operational involvement with a real estate broker or dealer other than it has an affiliate due to common control, Mariner Real Estate Partners, LLC who has a principal, Ryan Anderson, who is a licensed real estate broker and owner of Mariner Real Estate Partners, LLC.

Item 11 – Code of Ethics

Palmer Square has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws (“Code of Ethics”). In accordance with Section 204A of the Advisers Act, its Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by Palmer Square or any of its associated persons. The Code of Ethics also requires that certain of Palmer Square’s personnel (called “Access Persons”) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings. Clients may contact Palmer Square to request a copy of its Code of Ethics. Unless specifically permitted in Palmer Square’s Code of Ethics, none of Palmer Square’s Access Persons may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the Access Person) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of Palmer Square’s clients.

When Palmer Square is purchasing or considering for purchase any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when Palmer Square is selling or considering the sale of any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Item 12 – Brokerage Practices

In selecting brokers or dealers to execute transactions, Designated Managers of the Funds do not need to solicit competitive bids and do not have an obligation to seek the lowest available commission cost. It may not be the Designated Managers' practice to negotiate "execution only" commission rates; thus, the Designated Managers may be deemed to be paying for research and other services provided by the broker which are included in the commission rate.

Designated Managers may also be paying for services other than research and brokerage that are included in the commission rate. These other services may include, without limitation, office space, facilities and equipment; administrative support; accounting; supplies; telephone usage and equipment, and other items which may otherwise be treated as an expense of the Underlying Fund.

If the Hedge Fund Manager utilizes commissions to obtain items that would otherwise be an expense of the Hedge Fund Manager, such use of commissions in effect constitutes additional compensation to the Designated Manager.

Certain of the foregoing commission arrangements are outside of the parameters of Section 28(e) of the Securities Exchange Act of 1934, as amended, which permits the use of commissions or "soft dollars" to obtain research and brokerage services. It is further noted that since commission rates are generally negotiable, selecting brokers on the basis of considerations which are not limited to applicable commission rates may result in higher transaction costs than would otherwise be attainable.

For direct investment advisory clients, we may engage brokers or dealers to be used on behalf of a client without obtaining specific client consent. In recommending a broker-dealer to clients, we may consider such broker-dealers' respective financial strength, reputation, execution, pricing, research, and service. The commissions paid by our clients shall comply with our duty to obtain "best execution." However, a client may pay a commission that is higher than what another qualified broker-dealer might charge to effect the same transaction where we determine, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealers' services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while we will seek competitive rates, we may not necessarily obtain the lowest possible commission rates for client transactions.

If the client requests us to arrange for the execution of securities brokerage transactions for the client's account, we shall direct such transactions through broker-dealers that we reasonably believe will provide best execution. Transactions may be cleared through other broker-dealers with whom Palmer Square and the Financial Institution(s) have entered into agreements for prime brokerage clearing services. We shall periodically and systematically review our policies and procedures regarding recommending broker-dealers to our client in light of our duty to obtain best execution.

The client may direct us in writing to use a particular broker-dealer to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that broker-dealer, and we will not seek better execution services or prices from other broker-dealers. We may not be able to "batch" client transactions for execution through other broker-dealers with orders for the other accounts managed by us (as described below). As a result, the client may pay higher commissions or

other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to our duty of best execution, we may decline a client's request to direct brokerage if, in our sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

We may purchase or sell the same securities for several clients at approximately the same time. We may (but are not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among our clients difference in prices and commissions or other transaction cost that might not have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and allocated among our clients pro rata to the purchase and sale orders placed on any given day. To the extent that we determine to aggregate or "batch" client orders for the purchase or sale of securities, including securities in which our Advisory Affiliate(s) may invest, we will generally do so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the SEC. We will not receive any additional compensation or remuneration as a result of the aggregation.

In the event that we determine that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to the other portfolios, with similar mandates; (ii) allocations may be given to an account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimus* allocation in one or more actions, we may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, share may be allocated to one or more accounts on a random basis.

Item 13 – Review of Accounts

Designated Managers held by the Funds to which Palmer Square provides investment advice are systematically monitored and reviewed by investment advisory personnel of Palmer Square. Accounts are reviewed in the context of each Funds' stated investment objectives and guidelines. More frequent reviews may be triggered by changes in variables such as the Underlying Funds' circumstances, or the market, political or economic environment.

Investors in the Funds managed by Palmer Square are provided with monthly unaudited account and performance statements. Investors are also provided with annual audited financial statements. Palmer Square may provide additional information by special agreement with investors.

With the exception of negotiated arrangements, Palmer Square generally will not disclose the Funds' positions to investors on an ongoing basis in an effort to protect the confidentiality of its positions. Further, the Funds may not disclose their investment positions in their annual financial statements if it is determined that such confidentiality is desirable and permissible.

Prospective investors in any one or more of the Funds should refer to the appropriate offering and organizational documents for more information on the reports provided to clients.

Palmer Square monitors direct investment advisory client portfolios regularly as part of an ongoing process. Unless otherwise agreed, clients are provided with transaction confirmation notices and monthly account statements directly from either the custodian or administrator depending on the type of client account.

Item 14 – Client Referrals and Other Compensation

If a client is introduced to Palmer Square, Palmer Square may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. If a client is introduced to Palmer Square, Palmer Square may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee shall be paid solely from Palmer Square's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to Palmer Square by an unaffiliated solicitor, the client will be given, prior to or at the time of entering into any advisory contract with the client, (1) a copy of Palmer Square's written disclosure statement which meets the requirements of Rule 204-3 of the Advisers Act, and (2) a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. Any affiliated solicitor of Palmer Square shall disclose the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of Palmer Square's written disclosure statement at the time of the solicitation.

The Funds may agree to pay persons (whether or not affiliated with Palmer Square) who are instrumental in the sale of limited partner interests in the Funds a portion of the Management Fees, Incentive Allocations, or Performance Fee that would otherwise be paid to Palmer Square and/or the General Partner.

Item 15 – Custody

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Palmer Square urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Palmer Square's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

The nature of the Fund of Funds structure is such that the brokerage allocation decisions are made at the underlying manager's discretion.

With regard to our direct investment advisory clients, we usually receive discretionary authority from the client at the outset of an advisory relationship to select the investments to be bought and sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account (inclusive of the investment advisors relationship to the Funds).

When selecting investments and determining amounts, we observe the investment policies, limitations and restrictions of the clients and partnerships for which we advise. For registered investment companies, our authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to us in writing. We reserve the right to deny acceptance of a client account based upon the client limiting our discretion. Not all client investment guidelines and restrictions can be met.

Item 17 – Voting Client Securities

We primarily advise funds of hedge funds partnerships. The Designated Managers of the Funds do not typically convey traditional voting rights to the holders and the occurrence of corporate governance or other notices for this type of investment is substantially less than that encountered in connection with registered equity securities. If we are accorded voting or consent rights by virtue of any investment, we will be guided by general fiduciary principles and such voting or consent rights will be exercised by us in a manner believed to be in the best interests and consistent with efforts to achieve a client's stated objective, including maximizing portfolio value. If it is determined that a conflict or potential conflict exists between our interests and those of our clients, we may vote proxies notwithstanding the existence of the conflict. If it is determined that a conflict of interest or potential conflict of interest is material, our Chief Compliance Officer will work with appropriate personnel to agree upon a method to resolve such conflict before voting proxies affected by the conflict. Clients as well as Investors may request applicable proxy records, or direct any questions relating to voting rights with respect to the securities held in any of our funds, by contacting us at (816) 994-3201.

We may vote proxies on behalf of our direct clients. When we do so, we will only cast proxy votes in a manner consistent with the best interest of our clients. Absent special circumstances, which are fully described in our Proxy Voting Policies and Procedures, all proxies will be voted consistent with guidelines established and described in our Proxy Voting Policies and Procedures, as they may be amended from time-to-time. At any time, clients may contact us to request information about how we voted proxies for that client's securities or to get a copy of our Proxy Voting Policies and Procedures. To receive information about proxy voting please contact us at (816) 994-3201.

A brief summary of our Proxy Voting Policies and Procedures is as follows:

- Palmer Square has formed a Proxy Voting Committee that will be responsible for monitoring corporate actions, making voting decisions in the best interest of clients, and ensuring that proxies are submitted in a timely manner.
- The Proxy Voting Committee will generally vote proxies according to Palmer Square's current Proxy Voting Guidelines. The Proxy Voting Guidelines include many specific examples of voting decisions for the types of proposals that are most frequently presented, including: composition of the board of directors; approval of independent auditors; management and director compensation; anti-takeover mechanisms and related issues; changes to capital structure; corporate and social policy issues; and issues involving mutual funds.
- Although the Proxy Voting Guidelines are to be followed as a general policy, certain issues will be considered on a case-by-case basis based on the relevant facts and circumstances. Since corporate governance issues are diverse and continually evolving, Palmer Square shall devote an appropriate amount of time and resources to monitor these changes.
- In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that Palmer Square maintains with persons having an interest in the outcome of certain votes, Palmer Square will take appropriate steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Palmer Square’s financial condition. Palmer Square 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.