

Stelliam Investment Management LP

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FORM ADV PART 2A: FIRM BROCHURE

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Stelliam Investment Management LP is an investment adviser that is registered with the U.S. Securities and Exchange Commission. Registration with U.S. Securities and Exchange Commission does not imply a certain level of skill or training.

This brochure (“brochure”) provides information about the qualifications and business practices of Stelliam Investment Management LP. If you have any questions about the contents of this brochure, please contact us at (212) 490-6700. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state securities authority.

Additional information about Stelliam Investment Management LP also is available on the Securities and Exchange Commission’s website at www.adviserinfo.sec.gov.

Material Changes

There are no material changes since Stelliam's last brochure dated March 31, 2016.

TABLE OF CONTENTS

| | Page |
|---|-------------|
| Item 4. Advisory Business | 1 |
| Item 5. Fees and Compensation | 3 |
| Item 6. Performance Based Fees and Side-by-Side Management | 4 |
| Item 7. Types of Clients | 5 |
| Item 8. Methods of Analysis, Investment Strategies and Risk of Loss | 5 |
| Item 9. Disciplinary Information | 12 |
| Item 10. Other Financial Industry Activities and Affiliations | 13 |
| Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading | 13 |
| Item 12. Brokerage Practices | 15 |
| Item 13. Review of Accounts | 17 |
| Item 14. Client Referrals and Other Compensation | 17 |
| Item 15. Custody | 18 |
| Item 16. Investment Discretion | 18 |
| Item 17. Voting Client Securities | 18 |
| Item 18. Financial Information | 19 |

Item 4. Advisory Business

Stelliam Investment Management LP is an independent private investment firm founded in 2006. Stelliam was formed under the laws of the State of Delaware as a limited partnership and has its principal place of business in New York, New York. Stelliam is principally owned and controlled by Ross S. Margolies. Mr. Margolies is:

- the manager of Stelliam GP LLC, a Delaware limited liability company that serves as the general partner of Stelliam Investment Management LP;
- the managing member of Stelliam Funds GP LLC, a Delaware limited liability company that serves as the general partner of Stelliam Fund LP, Stelliam Fund II LP, Stelliam Intermediate Offshore Fund, L.P. and Stelliam Master Fund, L.P.; and
- the managing member of Stelliam Long Funds GP LLC, a Delaware limited liability company which serves as the general partner of Stelliam Master Long Fund, L.P. and Stelliam Long Fund LP.

Mr. Margolies owns greater than 25% of each of Stelliam Investment Management LP, Stelliam Funds GP LLC and Stelliam Long Funds GP LLC.

We use the terms “Stelliam”, “we”, “us” or “our firm” in this brochure to refer to Stelliam Investment Management LP. We use the term “our clients” in this brochure to refer to the private investment funds and other collective investment vehicles that we manage and advise. We use the term “Stelliam Funds” to refer, collectively, to our long/short fund and long only fund.

Our firm provides investment advisory services to the following private investment funds:

(i) our long/short fund, which consists of:

- Stelliam Master Fund, L.P., a Cayman Islands exempted limited partnership;
- Stelliam Offshore Fund, Ltd., a Cayman Islands exempted company;
- Stelliam Intermediate Offshore Fund, L.P., a Cayman Islands exempted limited partnership;
- Stelliam Fund LP, a Delaware limited partnership;
- Stelliam Fund II LP, a Delaware limited partnership; and
- Stelliam Offshore Fund II, Ltd., a Cayman Islands exempted company.

(ii) a fund of one (for which we serve as sub-investment adviser):

- O'Connor Global Multi-Strategy Alpha IV Limited, a Cayman Islands exempted company; and

(iii) our long-only fund, which consists of:

- Stelliam Offshore Long Fund, Ltd., a Cayman Islands exempted company;
- Stelliam Long Fund LP, a Delaware limited partnership; and
- Stelliam Master Long Fund, L.P., a Cayman Islands exempted limited partnership.

Our clients are exempt from registration under the U.S. Investment Company Act of 1940, as amended, and none of our clients' securities are registered under the U.S. Securities Act of 1933, as amended. Our clients offer securities to investors only through private placements of such securities.

Our firm tailors its advisory services to our clients' specified investment mandates as set forth in each client's confidential offering memorandum. As indicated above, we currently manage three portfolios; a long/short fund, a fund of one and a long-only fund. We manage our long/short fund and the fund of one in accordance with our long/short strategy. The objective of our long/short strategy is to provide attractive returns over a market cycle by providing our clients with long-term exposure to equity markets while mitigating some of the volatility. We seek to accomplish this objective by identifying both long and short investment opportunities that stand on their own based on each individual position's risk/reward profile.

We manage our long-only fund in accordance with our long-only strategy. The objective of our long-only strategy is to outperform the S&P 500 index return over a market cycle by providing investors with long-term exposure to equity markets. Our long fund's positions are modeled off of the long positions of our long/short fund. For both strategies, we primarily focus on the U.S. equity markets but, consistent with our fundamentally driven research approach, we may opportunistically invest across capital structures, market capitalizations and investment styles and may advise our clients on a broad range of investments including public and private debt and equity investments both in the United States and abroad and derivative instruments designed to provide exposure to debt and equity securities. We provide investment advice directly to our clients and not individually to a client's limited partners or shareholders.

Our clients generally adopt investment guidelines relating to the types and amount of securities that they may purchase. We tailor our investment advice to our clients to meet any applicable investment guidelines. In addition, our clients' investors may be subject to regulatory or other restrictions on investing and may, in certain circumstances, impose additional restrictions on our clients' ability to invest in certain securities or types of securities. To accommodate those restrictions, our clients generally have the ability under their operating agreements to allocate profits and losses associated with a restricted investment away from investors that are restricted from participating in them.

Our firm does not participate in wrap fee programs.

We describe investment strategies our firm employs on behalf of our clients in greater detail below in Item 8. In addition, our clients describe the investment strategies that our firm employs on their behalf in their confidential offering memoranda.

As of March 1, 2017, our firm managed \$3,192,356,176 million of client assets on a discretionary basis. The firm does not manage client assets on a non-discretionary basis.

Item 5. Fees and Compensation

We, or an affiliate of our firm, generally receive compensation with respect to our clients based on a percentage of assets under management and on the performance achieved for the account of each of our client's investors. Our clients generally have the ability to apply differing fee rates to different investors. To accommodate this, our clients may establish separate series of interests corresponding to each different fee series. Details concerning such terms are set forth in each of our clients' confidential offering memorandum and other governing documents.

Our fee arrangements vary by strategy and by client. For the Stelliam Funds, our management fee is generally calculated based on a percentage of net assets and can range up to 2.0% per annum of the value of each investor's capital account or net asset value of shares. For the Stelliam Funds, we generally deduct the asset-based fee from our clients' accounts monthly in arrears. For the fund of one, the fund's investment adviser pays us (as sub adviser) an asset-based fee monthly in arrears.

Our performance-based fee for our long-only fund is calculated based on our performance over a two year period as measured against the S&P 500 index on a dividend-reinvested compounded basis. Such fees can range up to 20% of the amount by which we outperform the S&P 500 index plus a hurdle rate. We generally deduct any performance based fee for our long-only fund biennially in arrears and at the time one of its investors withdraws or redeems its interest in the long-only fund. In addition to performance based fees and asset based fees, our long-only client charges a fee for investor redemptions made within two years of subscription. Such fees are paid to the fund and accrue to performance.

For our long/short fund, we, or an affiliate of our firm, generally receive performance-based compensation of up to 20% of annual net profits. We have two separate methods of calculating performance-based compensation for those funds. For Stelliam Offshore Fund, Ltd., Stelliam Intermediate Offshore Fund, L.P. and Stelliam Fund LP, our performance based compensation is calculated on an annual basis in arrears and at the time one of the investor withdraws or redeems its interest in the fund. For Stelliam Offshore Fund II, Ltd. and Stelliam Fund II LP, our performance-based compensation is calculated based on the performance over a two year period. We generally deduct the performance based fee for those vehicles biennially in arrears and also at the time one of the investors withdraws or redeems its interest in those funds. Each investment in Stelliam Offshore Fund II, Ltd. and Stelliam Fund II LP is initially divided into two equal tranches. Our performance-based fee for the first tranche is generally calculated based on performance through the end of the first year of investment (December 31) and is then generally calculated based on performance over each two year period following that initial calculation date. Our performance-based compensation for the second tranche is generally calculated based on the performance through the end of the second year of investment (December 31 of the second year) and is then generally calculated based on performance over each two year period following that initial calculation date. As a result, the biennial performance-based compensation is calculated and payable on each tranche in alternate years.

For the fund of one, our performance-based compensation takes the form of a fee paid to us (as sub-adviser) by the fund's investment adviser based on a percentage of annual net profits, generally paid on an annual basis in arrears.

For all clients, performance-based fees (and allocations) are calculated based on overall performance, including realized and unrealized gains and losses, and are subject to loss carry forwards from prior years based on a "high water mark" formula (adjusted to reflect withdrawals and redemptions, in the case of the Stelliam Funds). A more detailed description of the fees that we charge each client is included in the client's confidential offering memorandum.

Our fees for the fund of one were negotiated. Although the fees for the Stelliam Funds are set in advance, we may establish new share series from time to time with different fees and may waive, reduce or otherwise modify the management fee and/or performance-based compensation for any investor in a Stelliam Fund (and have waived these fees for affiliates of our firm).

In addition to management and performance compensation, our clients are responsible for their own investment and trading expenses; organizational and offering expenses, including expenses for negotiating side letters or other arrangements with investors; and operating and administrative fees and expenses. Client expenses typically include, but are not limited to, the following: costs and expenses directly related to portfolio investments or prospective investments (such as brokerage commissions, clearing and settlement charges, custody fees, interest on debit balances or borrowings); fees and specific expenses incurred in obtaining, maintaining or performing systems; research expenses; liability insurance premiums; administrative services and out-of-pocket costs of the administration of our clients and our client's accounts; tax preparation, accounting, audit, operational, administration, secretarial and legal expenses; costs of litigation or investigation involving our clients' activities; and costs associated with reporting and providing information to our clients' investors. Please see Item 12 entitled "Brokerage Practices" for more information regarding our brokerage practices.

Neither our firm nor any of our supervised persons receives any transaction-based compensation for the sale of securities or other investment products.

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

As described in Item 5 above, we receive performance-based compensation from each of our clients. Our performance-based compensation varies by client and by series of interest within each client. Some series of interest may have lower rates of compensation than others and some may not charge a performance-based compensation at all. In addition, our long-only client must achieve a hurdle rate of return before performance-based compensation is received, while our long/short clients are not subject to a similar hurdle. Due to the variation of performance based compensation, there may be a financial incentive to allocate opportunities in a manner that will favor clients that pay us higher performance-based compensation. Performance-based compensation may also create an incentive for us to make investments that are riskier or more speculative than would be the case in the absence of a right to performance-based compensation. Potential conflicts of interest with respect to the allocation of investment opportunities are addressed by Stelliam's allocation policy. Participation in investment opportunities are allocated

on an equitable basis, taking into account such factors as net assets in our clients, concentration of holdings, investment objectives and guidelines, target leverage levels and position sizes, dispersion between clients investing in the same security, and cash availability.

Item 7. Types of Clients

All of our clients are private investment funds that operate as pooled investment vehicles. As noted above, our clients rely on certain exclusions from the definition of “investment company” in the Investment Company Act of 1940, as amended, and, accordingly, none of our clients are registered as investment companies with the SEC.

Our clients’ investors may include a broad range of U.S. and non-U.S. institutions and high net worth individuals. Institutional investors may include corporations, trusts, estates, charitable organization, endowments, foundations, family offices and others. We generally require that our clients’ investors meet certain minimum investment thresholds and suitability requirements. For example, the organizational documents for the Stelliam Funds impose minimum investment thresholds of \$5,000,000 for institutions and \$1,000,000 for individuals, although our clients have the discretion to accept less (subject to regulatory minimums) and have done so in the past. In the case of Stelliam Fund II LP and Stelliam Offshore Fund II, Ltd., those funds have agreed to reduce the minimum investment thresholds to \$500,000 for their Series B investors. All investors are required to complete a subscription agreement which requires disclosure of certain private information required to substantiate the investor’s identity and investment qualifications. Investors must represent that they understand and can afford the risks associated with a private investment. Details concerning applicable investor suitability requirements are included in each client’s confidential offering memorandum and subscription materials which are furnished to all investors.

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

We tailor our advice to our clients based on each client’s investment objective. We generally have flexibility with respect to the types of securities or other instruments used in pursuing our clients’ trading strategies, although we primarily invest in equities and equity-related securities and derivative instruments on those securities. For our long/short strategy, we use a fundamentally driven equity strategy that maintains net long exposure and opportunistically invests across capital structures, market capitalizations, and investment styles. For our long-only strategy, we maintain long positions that are modeled after the long positions in our long/short client’s portfolio. As a result, our long-only client is expected to hold long positions that are similar to those maintained by our long/short clients.

We use a fundamental research approach to evaluate the operating and financial prospects of companies in order to determine the investment merits of their securities. Our investment team members cover a variety of companies with a view toward purchasing securities with attractive risk/reward profiles. Although we invest primarily in equity and equity related securities and derivative instruments, consistent with our fundamental investment approach, we have the flexibility to invest in different types of securities or other instruments anywhere in a company’s capital structure. Where appropriate, macroeconomic factors will be considered, but the security

selection process is primarily a bottom-up process. Analytically we use multiple disciplines including equity and credit analysis as well as both value and growth approaches. Factors considered in making an investment generally include a company's business and industry outlook, franchise quality, financing plans/capital structure, management quality, uses of cash and mergers & acquisitions (M&A) strategy. These factors, combined with traditional financial analysis, are evaluated to create a valuation framework for different potential outcomes.

Our clients consist exclusively of private investment funds. Acquiring an interest in a private investment fund involves a number of risks, including complete loss of investment. Such investments are speculative investment and not intended as a complete investment program. They are designed for sophisticated investors who fully understand and are capable of bearing the risk of investment. We make no guarantee or representation that a fund will achieve its investment objective or that investors in a fund will receive a return of their capital.

The investment strategy we use entails substantial risks, including, but not limited to, those listed below. Further risk factors are listed in the confidential offering memoranda of our clients.

General Risk Factors

Dependence on Key Personnel. Our investment activities depend upon the experience and expertise of our principal, Ross S. Margolies. The loss of the service of our principal could have a material adverse effect on our operations.

Absence of Regulatory Oversight. None of our clients is required to, and none of them intend to, register as an investment company under the Investment Company Act or the laws of any jurisdiction and, accordingly, the provisions of such statutes (which may provide certain regulatory safeguards to investors) are not applicable.

"Master-Feeder" Structure. Our long/short fund and long only fund each invest through a "master-feeder" structure, which presents certain unique risks to investors in the fund. For example, a smaller feeder fund investing in the master fund may be materially affected by the actions of a larger feeder fund investing in the master fund.

Limitations on Withdrawals/Redemptions and Transfers of Interests in Stelliam Funds. An investor's investment in our clients is subject to the structure and terms of the relevant fund. Although investors may request withdrawal of their interests/redemption of their shares, as the case may be, on available withdrawal/redemption dates, our clients may impose limitations on withdrawals/redemptions and may delay payment of a portion of the withdrawal/redemption price. Limitations on withdrawal/redemption may include lock-ups, a suspension of withdrawals/redemptions under certain limited circumstances or the issuance of a liquidating share class or interest designed to pay out up to a portion of withdrawal/redemption request over time (not to exceed 20% of a withdrawal/redemption request). There is no public market for interests in our clients and those interests may not be sold, assigned, or transferred without our or our clients' consent. Interests in our clients will not be registered under federal or state securities laws and may not be transferred unless registered under applicable federal and state securities laws or unless an exemption from such laws is available.

In-Kind Distributions. As noted above, an investor withdrawing from a client may, in the discretion of such client (which we may control), receive securities owned by that client directly or via the distribution of interests in a liquidating share class or interest in lieu of, or in combination with, cash. The value of securities distributed may increase or decrease before the securities can be sold, and such withdrawing investor will incur transaction costs in connection with the sale of such securities. Additionally, securities distributed with respect to a withdrawal by an investor in a client may not be readily marketable. The risk of loss and delay in liquidating these securities will be borne by such withdrawing investor, with the result that such withdrawing investor may receive less cash than it would have received on the date of withdrawal.

Effect of Withdrawals. A significant withdrawal of capital by investors from a client may cause a temporary imbalance in such client's portfolio which may adversely affect the remaining investors in such client.

Business and Regulatory Risks of Hedge Funds. Legal, tax and regulatory changes could occur during the term of our clients that may adversely affect our clients and/or investors in our clients. 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 our clients. In addition, securities markets are subject to comprehensive statutes and regulations. The U.S. Securities and Exchange Commission, other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The effect of any future regulatory change on our clients could be substantial and adverse.

General Business and Management Risk. Investments in securities are subject to the general risks associated with the underlying businesses, including market conditions, changes in regulatory requirements, reliance on management at the company level, interest rate and currency fluctuations, general economic downturns, domestic and foreign political situations and other factors. All investments risk the loss of capital. There can be no assurance that our investment program will be successful.

Conflict of Interest Risks

Management of More than One Client. Certain inherent conflicts of interest arise from the fact that our firm and its affiliates will provide investment management services to more than one client. The portfolio strategies employed by our firm for one client could conflict with the transactions and strategies employed by our firm in managing another client and may affect the prices and availability of the securities and instruments in which such other client invests, and vice versa. Participation in specific investment opportunities may be appropriate, at times, for a client. In such case, participation in such opportunities will be allocated on an equitable basis taking into account such factors as net assets in such funds, concentration of holdings, investment objectives and guidelines, target leverage levels and position sizes, dispersion between clients investing in the same security and cash availability. Orders may be combined for all such clients, and if any order is not filled at the same price, they may be allocated on an average price basis. Such considerations may result in allocations of certain investments among our clients on other than a *pari passu* basis. The use of a master-feeder structure also may create a conflict of interest in that different tax considerations among the feeder funds may cause the

master fund of a client to structure or dispose of an investment in a manner that is more advantageous to one feeder fund.

Management Fee and Performance-Based Compensation. The management fee and the performance-based compensation arrangements for the Stelliam Funds have not been negotiated at arm's-length. The existence of the performance-based compensation with respect to our clients may create an incentive for our firm to make more speculative investments on behalf of our clients than it would otherwise make in the absence of such performance-based compensation. Such performance-based compensation may result in compensation to our firm that may be greater than performance-based compensation allocable to other managers for similar services. In addition, because the performance-based compensation for our clients is allocated based upon both realized and unrealized gains, there can be no assurance that such unrealized gains will ultimately be realized.

Side Letters. Our clients may enter into side letters or similar agreements with certain investors which may have the effect of establishing rights, terms or conditions (including, without limitation, reductions in management fees and performance-based compensation, receipt of a share of the management fees and performance-based compensation borne by other investors, additional transparency, preferential liquidity or other preferential terms) with respect to such investors that are more favorable than the rights, terms and conditions established in favor other investors in such client.

Tax Risks

Phantom Income. Each investor subject to U.S. tax that invests in a client that is treated as a partnership for U.S. federal income tax purposes will be required to take into account its distributive share of all items of such client's income, gain, loss, deduction and credit, whether or not distributed. Our clients do not expect to make regular cash distributions to their investors. Further, as a result of certain operating limitations, an investor in one of our clients cannot be certain that it will be permitted to withdraw all or a portion of its interest in such client in order to generate cash distributions sufficient to satisfy its tax liability with respect to its share of such client's profits. Accordingly, each investor in one of our clients should ensure that it has sufficient cash flow from other sources to pay all tax liabilities resulting from such investor's ownership of its interest in such client.

Unrelated Business Taxable Income for Certain Tax-Exempt Investors. Pension and profit-sharing plans, Keogh plans, individual retirement accounts and other tax-exempt investors may realize "unrelated business taxable income," also known as UBTI, as a result of an investment in a client that is treated as a partnership for U.S. federal income tax purposes. Our clients may elect to participate in investments that give rise to UBTI through entities that are treated as partnerships for U.S. federal income tax purposes. Because of the "flow-through" principles applicable to partnerships, if UBTI is earned by a client that is treated as a partnership for U.S. federal income tax purposes, a tax-exempt investor in such client will realize UBTI.

Other Tax Risks. Changes in existing tax laws or regulations and their interpretation may occur and could alter the income tax consequences of an investment in any of our clients. In addition, our clients may take positions with respect to certain tax issues that depend on legal and other

interpretive conclusions. If the U.S. Internal Revenue Service or other applicable taxing authority successfully challenges any of these positions, an investor in such client may be found to have a different tax liability for that year than that reported on his or its U.S. federal income tax return. An audit of one of our clients may result in an audit of the returns of some or all of its investors, which examination could result in adjustments to the tax consequences initially reported by such client and affect items not related to an investment in such client. If such adjustments result in an increase in an investor's U.S. federal income tax liability for any year, such investor may also be liable for interest and penalties with respect to the amount of underpayment.

The taxation of our clients and their respective investors is complex. In addition, with respect to certain countries, there is a possibility of expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, limitations on the removal of funds or other assets of our clients, political or social instability or diplomatic developments that could affect investments in those countries. An issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of investments in the securities markets of different countries, and their associated risks, are expected to change independently of each other.

Any of the foregoing legal, regulatory and tax risks could give rise to material liabilities in periods after the occurrence of the transactions or other events giving rise to the claim. Consequently, such liabilities could be borne by investors who were not investors in the applicable client at the time of such transactions and who did not derive any financial returns associated with such transactions.

Investment and Trading Risks

General Investments Risks. An investment in any of our clients involves a high degree of risk, including the risk that the entire amount invested may be lost. Our clients may invest in debt and equity securities and other financial instruments using investment techniques with significant risk characteristics. We make no guarantee that our clients' investment programs will be successful. Our clients' investment programs may utilize such investment techniques as short sales, options, swaps and other derivatives investments which practices can, in certain circumstances, maximize the adverse impact to which our clients may be subject.

Illiquidity. Subject to restrictions described in our clients' confidential offering memoranda, our clients may make investments in securities or other assets that are not readily marketable. During market dislocations, these types of investments can experience extreme price volatility, which may make it difficult for us to realize the intrinsic value of such investments if we were forced to sell them and may impact our clients' ability to make timely distributions or calculate their net asset value.

Financial Markets and Regulatory Change. In addition to specific business and regulatory risks of hedge funds listed above, the laws and regulations affecting businesses in general continue to evolve in an unpredictable manner. Laws and regulations, particularly those involving taxation, investment and trade, applicable to our clients' activities can change quickly and unpredictably, and may at any time be amended, modified, repealed or replaced in a manner

adverse to the interests of our clients. In particular, the global and financial markets have in the last decade gone through pervasive and fundamental disruptions that have led to extensive and unprecedented governmental and regulatory interventions. Our clients and our firm may be, or may become, subject to unduly burdensome and restrictive regulation which could have an adverse effect on the business, operation and performance of our clients.

In the United States, the Wall Street Transparency and Accountability Act, which forms part of the Dodd-Frank Wall Street Reform and Consumer Protection Act (known as the “Reform Act”) became law in July 2010. The Reform Act and the rules and regulations promulgated thereunder seek to regulate markets, market participants and financial instruments that previously have been unregulated and substantially alter the regulation of many other markets, market participants and financial instruments. The Reform Act and regulations adopted pursuant to the Reform Act could adversely impact strategies in which our clients engage or intend to engage.

The Reform Act also includes provisions that comprehensively regulate the over-the-counter (known as “OTC”) derivatives markets. The Reform Act requires that a substantial portion of OTC derivatives must be executed in regulated markets and submitted for clearing to regulated clearinghouses. OTC derivatives trades submitted for clearing are subject to initial and variation margin requirements set by the relevant clearinghouse, as well as possible SEC or CFTC-mandated margin requirements. The regulators also have broad discretion to impose margin requirements on non-cleared OTC derivatives. Although the Reform Act includes limited exemptions from the clearing and margin requirements for so-called “end-users”, our clients will not be able to rely on such exemptions. In addition, the OTC derivative counterparties with whom we may execute OTC transactions will not be able to rely on the end-user exemptions under the Reform Act, and therefore such counterparties will be subject to clearing and margin requirements, notwithstanding whether the our clients are subject to such requirements. OTC derivative counterparties also are or will be required to post margin to the clearinghouses through which they clear their customers’ trades instead of using such margin in their operations. This will increase the counterparties’ costs, and these increased costs are expected to be passed through to other market participants in the form of higher upfront and mark-to-market margin, less favorable trade pricing, and the possible imposition of new or increased fees.

The SEC and CFTC will also require a substantial portion of derivatives transactions that were historically executed on a bi-lateral basis in the OTC markets to be executed through a securities, futures, or swap exchange or execution facility and/or to be cleared. Clearing and trading requirements may make it more difficult and costly for investment funds, including our clients, to enter into OTC transactions. They may also render certain strategies in which our clients might otherwise engage impossible or so costly that they will no longer be economical to implement. Finally, the clearing requirement will centralize risk in a small number of clearing counterparties. While the OTC derivatives clearing organizations’ margin requirements will reduce the risk of default on contracts, the mere fact of centralizing and pooling risks at a small number of clearing organizations may increase the impact of the failure of a centralized counterparty.

It is anticipated that there may be significant changes to the financial regulatory environment as a result of the outcome of the recent U.S. elections. There is currently pending legislation in U.S. Congress which, if enacted, would result in the repeal of portions of the Reform Act which in

turn would have a significant impact on the regulatory environment for private investment funds. In addition, the impact of the legislation on current and future rulemaking by various regulators under the Reform Act is difficult to predict. It is possible that rules that have been proposed by various regulators, which had been anticipated to take effect previously, may no longer be implemented in their proposed form or at all. Further, there may also be substantial changes in the enforcement and interpretation of existing statutes and rules by governmental regulatory authorities or self-regulatory organizations that supervise the financial markets. The effect of future regulatory change on our clients and their operations is uncertain.

Political, Economic and Other Conditions. Our clients' investments may be adversely affected by changes in economic conditions or political events that are beyond its control. For example, a stock market break, continued threats of terrorism, the outbreak of hostilities involving the United States, or the death of a major political figure may have significant adverse effects on our clients' investment results.

Leverage. We generally have the discretion to borrow funds and use other forms of leverage in connection with our clients' investment programs. While the use of leverage can amplify the profit on successful investments, it can also amplify the losses incurred on unsuccessful investments. In the case of short-term margin borrowing, should the securities pledged to brokers to secure a client's margin account decline in value, the client could be subject to margin calls which could require the client to deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In addition, the interest rate on any loan is an expense of the borrower and will therefore affect our clients' operating results.

Derivative Instruments. We may use various derivative instruments, including options, forward contracts, swaps and other derivatives which may be volatile and speculative. Certain positions may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. Derivative instruments may not be liquid in all circumstances and can result in a large amount of effective leverage.

Short Sales. Our strategies for our long/short clients permit short sales. Short sales are designed to profit from a decline in the price of the securities sold short without the need to invest the full purchase price of the securities on the date of the short sale. Short sales theoretically involve unlimited loss potential, as the market price of the securities sold short may increase continuously. Under adverse market conditions we might have difficulty purchasing securities to meet our short sale delivery obligations, and might have to sell portfolio securities to raise the capital necessary to meet short sale obligations at a time when fundamental investment considerations would not favor such sales.

Investment Discretion; Concentration of Investments. Subject to any restrictions described in our clients' confidential offering memoranda, we have the discretion to alter our clients' portfolios without the approval of their investors. Our clients may have exposure to a particular position, industry or region such that a loss in such position, industry or region could materially reduce our clients' capital.

Counterparty Risk. Securities held by brokers are generally not held in our name or our clients' names. A failure of a broker holding our or our clients' securities may have an adverse impact on our clients' portfolios. Such a failure may also impact a client's access to assets and may force a client to suspend operations, withdrawals/redemptions and/or calculation of its net asset value. In addition, we may trade securities in "over-the-counter" or "interdealer" markets exposing our clients to the risk that a counterparty will not settle a transaction in accordance with its terms. In the event of an insolvency of our clients' prime brokers, our clients may rank as unsecured creditors in relation to assets that the prime broker borrows, lends or uses as collateral.

Valuation. Investors in each of our clients purchase interests/shares and withdraw interests/redeem shares, as the case may be, in those funds based on a determination of the fair value of the assets and liabilities of such fund. In addition, our management fees and performance-based compensation are determined by reference to these valuations. Investors can be adversely affected if we are not able to realize the value that we ascribe to an investment upon the sale of the security or asset. We generally do not make retroactive adjustments based on subsequent valuation data.

Non-U.S. Securities. Subject to limitations imposed by our clients, we may invest in securities and other instruments of corporations and countries located or domiciled outside of the United States. Investing in the securities of companies (or governments) outside of the United States involves certain considerations not usually associated with investing in securities of United States companies or the United States government. For example, we may need to consider among other things: political and economic considerations, such as greater risks of expropriation, nationalization and general social, political and economic instability; the small size of the securities markets and the low volume of trading in a particular country, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and the possibility of government policies that may restrict investment opportunities. Accounting and financial reporting standards that prevail in countries outside of the United States may differ from United States standards. Depending on the country, less information may be available to investors in companies located outside the United States than is available to investors in companies located in the United States. Furthermore, there may be less regulation of the securities markets in non-U.S. countries than there is in the United States.

Investors should review the confidential offering memorandum and other governing documents of the relevant client to understand the risks and potential conflicts of interest. This brochure is not intended to serve as an exhaustive list or a comprehensive description of all risks and conflicts that may arise in connection with the management and operation of our clients.

Item 9. Disciplinary Information

Neither our firm, nor our principal nor any of our directors or officers have been involved in any criminal or civil actions in a domestic, foreign or military court that would be material to a client's evaluation of our firm's advisory business or our management.

Neither our firm, nor our principal nor any of our directors or officers have been involved in any administrative proceedings before the U.S. Securities and Exchange Commission, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority.

Neither our firm, nor our principal nor any of our directors or officers have been involved in any self-regulatory organization proceedings.

Item 10. Other Financial Industry Activities and Affiliations

Neither our firm, nor our principal nor any of our directors or officers is registered, or has an application pending to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or is an associated person of any of the above.

For each of the Stelliam Funds that are formed as partnerships, an affiliate of Stelliam acts as the general partner. For each of the Stelliam Funds formed as a corporate entity, the board of directors is a split board which includes an equal number of Stelliam appointed directors and independent directors. As a result, the Stelliam Funds do not have independent management. Due to our sponsorship of and control over the Stelliam Funds, the terms of the Stelliam Funds are not subject to arm's-length negotiations.

Since we have more than one client, our personnel cannot devote their exclusive attention to any single client. As mentioned previously, the investment mandates of our clients overlap. As a result, we are often required to allocate opportunities among them rather than allocating the entire opportunity to one client. We seek to make these allocations in a fair and equitable manner.

Finally, our firm does not recommend or select other investment advisers for its clients nor does our firm have other business relationships with other investment advisers to its clients that create a material conflict of interest.

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

Pursuant to Rule 204A-1 of the Advisers Act, we have adopted a written Code of Ethics predicated on the principle that we owe a fiduciary duty to our clients. The Code of Ethics is designed to address and avoid potential conflicts of interest and is applicable to all of our firm's officers, directors, members, partners or employees (collectively referred to as "employees"). We require our employees to act in our clients' best interests, abide by all applicable regulations and avoid any action that is, or could even appear to be, legally or ethically improper.

Stelliam's Code of Ethics requires, among other things, that employees:

- Act with integrity, competence, dignity and in an ethical manner with the public, investors, prospective investors, third party service providers and fellow employees;
- Place the interests of clients and the interests of Stelliam above such employee's own personal interests;
- Avoid or disclose any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with our Code of Ethics;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Abide by our insider trading policies and procedures; and
- Comply with applicable provisions of the federal securities laws.

In order to manage conflicts of interest, Stelliam's Code of Ethics requires employees to:

- Pre-clear personal securities transactions,
- Report the existence of any account that holds securities and any personal securities transactions on at least a quarterly basis and report all holdings and accounts on at least an annual basis
- Provide Stelliam with an electronic feed for all trading activity or otherwise provide Stelliam with account statements on at least a quarterly basis for all accounts over which such employees have a direct or indirect beneficial interest,
- Refrain from trading (including selling any pre-existing position) in any position in which our clients have a position, and
- Limit the number of transactions made within a calendar year.

A copy of the Stelliam's Code of Ethics shall be provided to any client or prospective client upon request.

Our firm does not generally recommend to clients, or buy or sell for client accounts, securities in which our firm or a related person has a material financial interest. Our firm does recommend the same securities for multiple clients. Investment decisions are made across client portfolios in accordance with Stelliam's allocation policy. In addition, situations may occur in which we conclude that it is in the best interests of one client to purchase an investment (for example, when a client has received new capital from investors) and in the best interests of another client to sell

the same investment (for example, when a client must raise cash to fund investor withdrawal/redemption requests). In these circumstances, we may determine that both clients will benefit by effecting independent purchase and sale transactions between them either in the secondary market or through a cross trade. While we seek to effect any such transaction at a price and on terms that we believe are arm's-length and fair, there will be no opportunity for any investor in a client to consent to or receive notifications of such transactions.

Our firm and its employees generally do not invest in the same securities (or related securities, e.g., warrants, options or single-stock futures) that our firm or a related person recommends to clients. The firm addresses these conflicts through the implementation of a pre-clearance program. Except in limited circumstances described in Stelliam's Code of Ethics, the Chief Compliance Officer and the firm's portfolio manager must approve all purchases and sales of securities by a related person for their own account. No approval is given when orders to purchase or sell a security have been entered for any client or when the security is actively considered for purchase or sale for any client or when, in the judgment of the portfolio manager or Chief Compliance Officer, other circumstances warrant restrictions on personal transactions in a particular security. In addition, if an employee has a pre-existing position that our clients later invest in, the employee will be restricted from any trading in such security until our clients liquidate their position.

Item 12. Brokerage Practices

Our firm has full authority to select broker-dealers to execute our clients' investment transactions, and has appointed brokerage firms to act as "prime brokers" for each Stelliam Fund. A firm appointed as a client's prime broker has certain administrative responsibilities, including the issuance of account statements and information with respect to securities transactions affected through other broker-dealers. A prime broker may be allocated a portion of our clients' securities transactions, subject to principles of best execution. Our firm may, in its discretion, change its selections of one or more prime brokers for each Stelliam Fund.

We seek to obtain best overall execution of securities trades for our clients based on the circumstances of each transaction that we place. In selecting brokers or dealers and determining the reasonableness of their commissions for our clients, we take into account the following factors:

- the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any);
- the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution;
- the financial strength, integrity and stability of the broker-dealer;
- the broker firm's risk in positioning a block of securities;
- the quality, comprehensiveness, and frequency of available research services considered to be of value to Stelliam and its clients; and

- the competitiveness of commission rates in comparison with other broker-dealers satisfying our other selection criteria.

We receive research and other soft dollar benefits from brokers and dealers in connection with our clients' securities transactions. Soft dollar benefits include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities, online quotations, Bloomberg terminal licenses and exchanges for the portfolio manager and analysts, our order management analytics system, portfolio analytics system, news and research services, access to industry, sector and governmental experts, and other services and systems providing lawful and appropriate assistance to our investment professionals in the performance of their investment decision-making responsibilities on behalf of our clients. We may receive soft dollar benefits directly from brokers or from third parties at the direction of brokers. We expect that all soft dollar benefits will fall within the "safe harbor" of Section 28(e) of the United States Securities Exchange of 1934, as amended.

Our authority to use "soft dollar" credits generated by our clients' securities transactions provides a benefit to our firm and allows us to acquire products and services without expending our own resources. Accordingly, relationships with broker-dealers that provide soft dollar services to our firm create a conflict of interest. Our authority to obtain soft dollar benefits may give us an incentive to select brokers or dealers for our clients in a manner that takes into account the soft dollar benefits that we receive rather than giving exclusive consideration to the interests of our clients. We do not allocate soft dollar benefits to client accounts proportionately to the soft dollar credits that each account generates. As a result, clients that generate sizable commissions may subsidize research services provided to clients whose accounts generate fewer commissions.

While we believe that these relationships are beneficial to our clients, selecting brokers on the basis of considerations other than applicable commissions may at times result in higher transaction costs than would otherwise be the case.

The execution of the trading and investment strategies employed by our firm can often require complex trades, difficult to execute trades, the use of negotiated terms with counterparties such as in the use of derivatives, and the execution of trades involving less common or novel instruments. In each case, we seek best execution and have trained execution and operational staff devoted to executing, settling and clearing such trades. However, in light of the complexity and global diversity involved, some errors and miscommunications with brokers and counterparties are inevitable and may result in losses to our clients. We will evaluate the merits of potential claims for damage against brokers and counterparties who are at fault, and to the extent practicable, will seek to recover losses from those parties. We may choose to forego pursuing claims against brokers and counterparties on behalf of our clients for any reason including, but not limited to, the cost of pursuing claims relative to the likely amount of any recovery and the maintenance of its business relationships with brokers and counterparties. In addition, our execution and operational staff may be solely or partly responsible for errors in placing, processing and settling trades that result in losses to our clients. In accordance with our internal policy, any profits that arise as a result of such an error in placing, processing or settling trades will inure to the benefit of the applicable client(s), and to the extent that any losses arise as a result of such an error arising out of our negligence we will reimburse the applicable client(s) for such losses.

We do not consider whether our firm or a related person receives client referrals in selecting broker-dealers.

We do not recommend, request or require that a client, nor do we permit a client to, direct us to execute transactions through a specified broker-dealer.

Our firm may place as an aggregated order for execution orders for publicly traded securities placed at the same time for the accounts of two or more clients. This practice may enable our firm's clients to seek more favorable executions and net prices for the combined order. If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day shall generally be allocated pro rata among the participating clients in accordance with the amounts ordered by each client. However, the pro rata allocation may be adjusted to avoid having odd amounts of shares held in any client's account, to reduce dispersion between clients holding the same security or to avoid deviations from any pre-determined minimum/maximum holdings limits established for any client. Each client that participates in the order shall do so at the average price for all the transactions and shall share in commissions or other transaction costs on a pro rata basis.

Item 13. Review of Accounts

Our portfolio manager and investment professionals review our clients' accounts on a continuous basis. These reviews are designed to monitor and analyze our clients' transactions, positions, and investment levels. In reviewing our clients' accounts we pay particular attention to changes in company fundamentals, industry outlook, market outlook, and price levels.

We provide investors in the Stelliam Funds with monthly statements that contain estimated net capital account balances and net performance returns. Investors are also provided with Administrator risk exposure reports on a semi-monthly basis, monthly performance updates, weekly performance estimates, quarterly Administrator transparency reports and annual financial statements examined by our independent auditors as well as tax information that is necessary for each investor to complete its U.S. federal and state income tax or information returns. Some of our clients' investors receive additional, and sometimes more frequent, reporting. We consider our fiduciary duties when managing our investor reporting obligations.

Item 14. Client Referrals and Other Compensation

Two of Stelliam's clients, Stelliam Fund II LP and Stelliam Offshore Fund II, Ltd., have engaged a registered broker-dealer to introduce potential investors to the funds and provide related client services to those investors. In exchange, each of Stelliam Fund II LP and Stelliam Offshore Fund II, Ltd. pays a portion of its overall management fee, relating to those investors, to the broker-dealer. Except as provided above, we do not directly or indirectly compensate any person for client/investor referrals or for providing advisory services to our clients, although we have the authority to do so in the future.

Item 15. Custody

Stelliam is deemed to have custody of client assets for the Stelliam Funds because it serves as general partner or investment manager of their accounts and as such has access to the accounts and authority to deduct fees and other expenses from the accounts. Substantially all of the Stelliam Funds' assets are held in custody by unaffiliated broker-dealers or banks. We do not provide the Stelliam Funds or their investors with statements from the custodian(s). Instead, we comply with the periodic reporting requirements of the custody rule by delivering financial statements prepared in accordance with generally accepted accounting principles (GAAP) and audited by an independent auditor that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. Financial statements are delivered to the Stelliam Funds and their investors within 120 days of each client's fiscal year end. Investors should carefully review these statements, and should compare these statements to any account information provided by Stelliam. We do not have custody of the assets of the fund of one because, as a sub-adviser, we lack the authority to obtain possession of assets in the account and lack the authority to deduct our fees from the account.

Item 16. Investment Discretion

Our firm is provided with discretionary authority to manage the securities accounts of each of our clients as set forth in, and limited by, the terms and conditions of the relevant investment management (or sub-advisory) agreements with each client. Generally, our firm assumes such authority by receiving a power of attorney to act on behalf of clients through the execution of our investment management (or sub-advisory) agreements. Our firm does not provide advisory services directly to the investors in our clients.

Item 17. Voting Client Securities

Our policy is to vote client proxies in the best interest of our clients taking into account all factors we deem relevant. All proxy voting decisions are made by our portfolio manager or our Chief Administrative Officer in consultation with the portfolio manager. Our clients do not direct our vote. We have retained Institutional Shareholder Services (ISS) as an expert in the proxy voting and corporate governance areas to assist in the due diligence process associated with proxy voting decisions for our clients' accounts and to assist in the actual casting of votes. We attempt to identify any conflicts of interests between client interests and our own within our proxy voting process. If we determine that our firm or one of our employees faces a material conflict of interest in voting client proxies (e.g., an employee may personally benefit, in a manner different from our clients, if the proxy is voted in a certain direction), our procedures provide for the conflicted employee to abstain from the voting process. In the event that the material conflict involves our portfolio manager, a committee of at least three senior management members will be appointed by the Chief Compliance Officer and such committee, by at least a majority of its members, will direct the vote after considering all facts it deems relevant, including recommendations from Institutional Shareholder Services (ISS).

Our complete proxy voting policy and procedures are memorialized in writing and are available for our clients and their investors to review. In addition, we maintain a record of all of the proxy votes cast on behalf of our clients, a summary of which is available upon request

Item 18. Financial Information

Our firm does not require, nor do we solicit, prepayment of more than \$1,200 in fees per client, six months or more in advance.

Our firm is not aware of having any financial condition that is reasonably likely to impair its ability to meet its contractual commitments.

Stelliam has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.