

## **PART 2A OF FORM ADV: FIRM BROCHURE**

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**This Brochure provides information about the qualifications and business practices of Prosaic, LP (“Prosaic” or the “Investment Manager”). If you have any questions about the contents of this Brochure, please contact David A. Breskin at 415 440-4140 or by email at [david@poeticlp.com](mailto:david@poeticlp.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority, and references in this Brochure to Prosaic as a “registered investment adviser” are not intended to imply a certain level of skill or training.**

**Additional information about Prosaic is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **ITEM 2 - MATERIAL CHANGES**

Prosaic submitted its application for registration as an investment adviser with the SEC on February 13, 2012. This is the 3/11/14 updated version of Prosaic's Brochure (as made part of its annual ADV update). No material changes have been made to this brochure as part of Prosiac's annual update.

### ITEM 3 - TABLE OF CONTENTS

	<u>Page</u>
ITEM 2. MATERIAL CHANGES .....	i
ITEM 3. TABLE OF CONTENTS .....	ii
ITEM 4. ADVISORY BUSINESS .....	1
ITEM 5. FEES AND COMPENSATION.....	3
ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....	6
ITEM 7. TYPES OF CLIENTS .....	7
ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS .....	8
ITEM 9. DISCIPLINARY INFORMATION .....	22
ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	24
ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING .....	26
ITEM 12. BROKERAGE PRACTICES .....	29
ITEM 13. REVIEW OF ACCOUNTS .....	33
ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION.....	34
ITEM 15. CUSTODY .....	35
ITEM 16. INVESTMENT DISCRETION.....	36
ITEM 17. VOTING CLIENT SECURITIES .....	37
ITEM 18. FINANCIAL INFORMATION .....	39

## ITEM 4 - ADVISORY BUSINESS

<b>Item 4.A</b>	<p><b>Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).</b></p> <p>Prosaic, LP (“Prosaic” or the “Investment Manager”), a Delaware limited partnership, was formed on August 4, 2009. Prosaic currently provides discretionary investment advisory services to one client, Poetic License Partners, LP, which is a private investment fund formed as a Delaware limited partnership (referred to herein as the “Fund” or the “Advisory Client”). Poetic Justice, LLC (the “General Partner”), a Delaware limited liability company, acts as the general partner to the Fund.</p> <p>David A. Breskin is the principal of the General Partner and Prosaic and has managed the portfolio of the Fund since its inception on January 1, 2004.</p>
<b>Item 4.B</b>	<p><b>Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.</b></p> <p>The objective of the Fund is to seek long-term capital appreciation by investing in a blend of investment partnerships and other investment vehicles, which themselves invest in a wide range of underlying public and private securities. The Fund invests capital with selected fund managers by investing directly in investment funds or accounts managed by such managers (the “Investment Vehicles”).</p> <p>Prosaic has broad discretion over the Fund’s investment program. Prosaic selects managers who use a variety of different investment strategies and styles, and who seek to provide the Fund with exposure to a diverse portfolio of securities and other types of investments. No restrictions exist pertaining to the types of investment strategies or styles that the managers of Investment Vehicles may employ. The Investment Vehicle managers are expected to have broad discretion in the development and implementation of their specific strategies. These managers employ various strategies and techniques, including, but not limited to, value and growth styles, opportunistic, event-driven, arbitrage and market-neutral strategies, holding long-term and short-term positions, trading in futures and commodities, leverage and short selling. They may invest in both public and private equity and debt securities, as well as other categories of financial assets. In addition, the Fund may directly invest, on a limited basis, in equity and debt securities, as well as other categories of financial assets in the United States and elsewhere.</p> <p>Prosaic intends to spread the Fund’s assets among domestic and foreign markets; in developed and emerging markets; among various asset classes (equities, bonds, currencies, commodities) and by way of multiple investing and trading techniques (fundamental, technical, systematic, discretionary). The Fund’s portfolio of investments in private equity funds seeks diversification by industry sector (which may include, but is not limited to, biotechnology, energy, utility infrastructure, manufacturing, insurance, banking, retail, transportation, technology, and real</p>

	<p>estate); by vintage year (e.g., having a basket of funds with temporally scattered investment periods, holding periods, and distribution periods, so as not to concentrate risk heavily in any one phase of the business cycle); and by investing style (e.g., venture, distressed debt, leveraged buy-outs, PIPEs, debt-for-control, microcap, small cap, midcap, and large cap, and sector funds). All these efforts towards diversification attempt to control risk. That said, the Fund may, from time to time, emphasize certain “thematic” elements in its portfolio if Prosaic believes those elements present positively asymmetrical risk-reward characteristics. Prosaic may also choose to allocate substantial portions of the Fund’s assets to particular Investment Vehicles. Generally, no one Investment Vehicle will comprise more than 20% of the assets of the Fund, with the possible exception being an Investment Vehicle which is itself a multi-strategy fund.</p>
Item 4.C	<p><b>Explain whether (and, if so, how) you tailor your advisory services to the individual needs of <i>clients</i>. Explain whether <i>clients</i> may impose restrictions on investing in certain securities or types of securities.</b></p> <p>Prosaic neither tailors its advisory services to the individual needs of investors in the Fund (“Investors”, or “Limited Partners”), nor accepts Investor-imposed investment restrictions. Prosaic manages the Fund to meet its objective of seeking long-term capital appreciation by investing in a blend of investment partnerships and other investment vehicles, which themselves invest in a wide range of underlying public and private securities.</p>
Item 4.D	<p><b>If you participate in <i>wrap fee programs</i> by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.</b></p> <p>Prosaic does not participate in wrap fee programs.</p>
Item 4.E	<p><b>If you manage <i>client</i> assets, disclose the amount of <i>client</i> assets you manage on a <i>discretionary basis</i> and the amount of <i>client</i> assets you manage on a <i>non-discretionary basis</i>. Disclose the date “as of” which you calculated the amounts.</b></p> <p>As of December 31, 2012, Prosaic manages \$150,575,273 of client assets for the Fund on a discretionary basis. Prosaic does not currently manage any client assets on a non-discretionary basis.</p>

## ITEM 5 - FEES AND COMPENSATION

Item 5.A	<p><b>Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.</b></p> <p>Prosaic is compensated for advisory services based upon a set percentage of assets under management. The operative documents for the Fund provide detailed disclosure about the fees and other expenses applicable to an investment in the Fund, and should be carefully reviewed prior to making an investment in the Fund.</p> <p><b><u>Management Fees</u></b>  For its services to the Fund, Prosaic is entitled to receive management fees at an annual rate of one and one half percent (1.5%) of the capital account balance of each Limited Partner. Management fees are calculated and payable quarterly in advance. The management fee is negotiable in that Prosaic may reduce or eliminate the management fee with respect to any Limited Partner in its sole discretion.</p> <p><b><u>Performance-Based Fees</u></b>  Neither Prosaic nor the General Partner receives any performance-based compensation for its services to the Fund.</p> <p><b>It is very important that Investors refer to their confidential Private Placement Memorandum and other governing documents for a complete understanding of how Prosaic is compensated for its advisory services. The information contained herein is a summary only and is qualified in its entirety by such documents.</b></p>
Item 5.B	<p><b>Describe whether you deduct fees from <i>clients'</i> assets or bill <i>clients</i> for fees incurred. If <i>clients</i> may select either method, disclose this fact. Explain how often you bill <i>clients</i> or deduct your fees.</b></p> <p>Prosaic deducts fees from the Fund's assets. Investors in the Fund do not have the ability to choose to be billed directly for fees incurred.</p> <p>Prosaic receives an asset-based management fee, which is calculated and payable quarterly in advance. Neither Prosaic nor the General Partner receives any performance-based compensation for its services to the Fund.</p> <p><b>It is very important that Investors refer to the Fund's governing documents for a complete understanding of how fees are deducted from their assets. The information contained herein is a summary only and is qualified in its entirety by such documents.</b></p>
Item 5.C	<p><b>Describe any other types of fees or expenses <i>clients</i> may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that <i>clients</i> will incur brokerage and other transaction costs, and direct <i>clients</i> to the section(s) of your <i>brochure</i> that discuss brokerage.</b></p> <p>The Fund may incur certain expenses in connection with its organization and the marketing of its Limited Partner interests. Amounts paid or incurred to organize</p>

	<p>the Fund were capitalized and amortized over a period of five years.</p> <p>The Fund bears all costs and expenses directly related to its investment program, including expenses related to proxies, underwriting and private placements, brokerage commissions, interest on debit balances or borrowings, custody fees and any withholding or transfer taxes imposed on the Fund. The Fund also bears all out-of-pocket costs of the administration of the Fund, including accounting, audit and legal expenses, the cost of the Administrator, costs of any litigation or investigation involving the Fund's activities, insurance premiums, risk management expenses, and costs associated with reporting and providing information to existing and prospective Limited Partners. However, the General Partner may, in its sole discretion, choose to absorb any such expenses incurred on behalf of the Fund.</p> <p>The Fund does not have its own separate employees or office, and it does not reimburse the General Partner or Prosaic for salaries, office rent, and other general overhead costs of the General Partner and Prosaic.</p> <p>In addition, it should be noted that the Investors will indirectly incur brokerage and other transaction costs related to their investment in the Fund. Please see Item 12 of this brochure for a more detailed discussion of Prosaic's brokerage practices. Investment Vehicles may invest on the basis of short-term market considerations. The portfolio turnover rate within Investment Vehicles may be significant, potentially involving substantial brokerage commissions and fees (which are in turn borne indirectly by the Fund).</p> <p><b>It is very important that Investors refer to the relevant confidential Private Placement Memorandum and other governing documents for a complete understanding of the Fund's fees and expenses. The information contained herein is a summary only and is qualified in its entirety by such documents.</b></p>
<b>Item 5.D</b>	<p><b>If your <i>clients</i> either may or must pay your fees in advance, disclose this fact. Explain how a <i>client</i> may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.</b></p> <p>As noted in Item 5.A, above, Prosaic is entitled to receive management fees at an annual rate of one and one half percent (1.5%) of the capital account balance of each Limited Partner. Management fees are calculated and payable quarterly in advance.</p> <p>Currently, subscriptions are accepted on the first business day of each fiscal quarter. Limited Partners are permitted to make complete or partial withdrawals of its contributed capital (and gains thereon) as of the close of business on the last day of a fiscal year following the twenty-four (24) month anniversary of the contribution of such capital. Written notice of any withdrawal must be given at least ninety (90) days prior to the proposed withdrawal date. These subscription and withdrawal rights result in billing periods that match the period (quarterly) of management fee payments.</p> <p>However, the General Partner does have the right to waive restrictions on subscription and withdrawal rights, including, but not limited to, restrictions on the timing of such transactions. The General Partner does not expect, in the</p>

	<p>normal course of business, to permit any subscription that does not occur on the first day of a fiscal quarter or to permit any withdrawal that does not occur on the last day of a fiscal quarter. To the extent a capital contribution is made as of any day that is not the first day of a fiscal quarter, the Management Fee will be pro-rated. To the extent a withdrawal is made mid-quarter, a pro-rata portion of the Management Fee will be reimbursed to the withdrawing Limited Partner.</p> <p><b>It is very important that Investors refer to their relevant confidential Private Placement Memorandum and other governing documents for a complete understanding of their withdrawal rights. The information contained herein is a summary only and is qualified in its entirety by such documents.</b></p>
Item 5.E	<p>If you or any of your <i>supervised persons</i> accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.</p> <p>Not applicable to Prosaic.</p>
Item 5.E.1	<p>Explain that this practice presents a conflict of interest and gives you or your <i>supervised persons</i> an incentive to recommend investment products based on the compensation received, rather than on a <i>client's</i> needs. Describe generally how you address conflicts that arise, including your procedures for disclosing the conflicts to <i>clients</i>. If you primarily recommend mutual funds, disclose whether you will recommend “no-load” funds.</p> <p>Not applicable to Prosaic.</p>
Item 5.E.2	<p>Explain that <i>clients</i> have the option to purchase investment products that you recommend through other brokers or agents that are not affiliated with you.</p> <p>Not applicable to Prosaic.</p>
Item 5.3.3	<p>If more than 50% of your revenue from advisory <i>clients</i> results from commissions and other compensation for the sale of investment products you recommend to your <i>clients</i>, including asset-based distribution fees from the sale of mutual funds, disclose that commissions provide your primary or, if applicable, your exclusive compensation.</p> <p>Not applicable to Prosaic.</p>
Item 5.E.4	<p>If you charge advisory fees in addition to commissions or markups, disclose whether you reduce your advisory fees to offset the commissions or markups.</p> <p>Not applicable to Prosaic.</p>



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

If you or any of your *supervised persons* accepts *performance-based fees* – that is, fees based on a share of capital gains on or capital appreciation of the assets of a *client* (such as a *client* that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your *supervised persons* manage both accounts that are charged a *performance-based fee* and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your *supervised persons* face by managing these accounts at the same time, including that you or your *supervised persons* have an incentive to favor accounts for which you or your *supervised persons* receive a *performance-based fee*, and describe generally how you address these conflicts.

As described in Item 5.A above, neither Prosaic nor the General Partner receive performance-based compensation from Investors in the Fund.

## ITEM 7 - TYPES OF CLIENTS

**Describe the types of *clients* to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.**

As noted in Item 4.A, Prosaic currently provides discretionary investment advisory services to one client, Poetic License Partners, LP, which is a private investment fund formed as a Delaware limited partnership. (referred to herein as the “Fund” or the “Advisory Client”).

Investors in the Fund must generally be “accredited investors” within the meaning of Regulation D under the Securities Act of 1933, as amended. Currently, subscriptions are accepted on the first business day of each fiscal quarter. The minimum initial contribution is \$2,000,000 and the minimum additional subscription from existing limited partners is \$25,000, although the General Partner may accept investments in lesser amounts at its discretion.

## ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Item 8.A	<p><b>Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that <i>clients</i> should be prepared to bear.</b></p> <p><b><u>METHODS OF ANALYSIS / INVESTMENT STRATEGIES</u></b></p> <p>As noted in Item 4.B, the Fund’s investment objective is to seek long-term capital appreciation by investing in a blend of investment partnerships and other investment vehicles, which themselves invest in a wide range of underlying public and private securities. Prosaic selects managers who use a variety of different investment strategies and styles, and who seek to provide the Fund with exposure to a diverse portfolio of securities and other types of investments.</p> <p>The managers selected employ various strategies and techniques, including, but not limited to, value and growth styles, opportunistic, event-driven, arbitrage and market-neutral strategies, holding long-term and short-term positions, trading in futures and commodities, leverage and short selling. They may invest in both public and private equity and debt securities, as well as other categories of financial assets. In addition, the Fund may directly invest, on a limited basis, in equity and debt securities, as well as other categories of financial assets in the United States and elsewhere.</p> <p>Constructing this diverse, hybridized, multi-fund, multi-style portfolio of alternative Investment Vehicles is intended to reduce the risk of loss of capital and to provide positive risk-adjusted returns over a period of years. Generally, no one Investment Vehicle will comprise more than twenty percent (20%) of the assets of the Fund (with the possible exception being an Investment Vehicle which is itself a multi-strategy fund). Prosaic intends to spread the Fund’s assets among domestic and foreign markets; in developed and emerging markets; among various asset classes (equities, bonds, currencies, commodities) and by way of multiple investing and trading techniques (fundamental, technical, systematic, discretionary). The Fund’s portfolio of investments in private equity funds seeks diversification by industry sector (which may include, but is not limited to, biotechnology, energy, utility infrastructure, manufacturing, insurance, banking, retail, transportation, technology and real estate); by vintage year (e.g., having a basket of funds with temporally scattered investment periods, holding periods, and distribution periods, so as not to concentrate risk heavily in any one phase of a business cycle); and by investing style (e.g., venture, distressed debt, leveraged buy-outs, PIPEs, debt-for-control, microcap, small cap, midcap, and large cap, and sector funds). All these efforts towards diversification attempt to control risk. That said, the Fund may, from time to time, emphasize certain “thematic” elements in its portfolio if Prosaic believes those elements present positively asymmetrical risk-reward characteristics.</p> <p>When evaluating an Investment Vehicle, and in performing on-going due diligence on current Investment Vehicles, Prosaic interviews fund managers and also reviews marketing presentations, past letters, and/or statistical reports. Prosaic’s thorough review of the fund’s legal and operating documents and audited financials includes analysis of: pricing policies; withdrawal policies</p>
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	<p>(including any lockups, gates, side pockets, or other provisions that would limit withdrawals or liquidations); fee structure; expense policies; key-man provisions; rights and restrictions for various classes of interests; any conflicts of interests between various share classes, the investment manager, and/or any other funds managed by the investment manager; and an analysis of the fund's service providers. Prosaic also seeks to confirm that any guidelines on leverage, liquidity, diversification, or position-sizing conform to the strategy.</p> <p>Ongoing due diligence also includes monitoring general news in the financial markets. Among other methods, this is obtained through reading new and various financial and industry publications; attending industry conferences; and maintaining close contact with hedge fund managers, fund-of-funds peers, and capital-introduction professionals.</p> <p>The investment objectives and methods summarized above represent Prosaic's current intentions. Depending on conditions and trends in the securities markets and the economy in general, Prosaic may pursue any objectives, employ any investment techniques or purchase any type of security that it considers appropriate and in the best interests of the Fund whether or not described in this section. The foregoing discussion includes and is based upon numerous assumptions and opinions of Prosaic concerning world financial markets and other matters, the accuracy of which cannot be assured.</p> <p><b>There can be no assurance that Prosaic's investment strategy will achieve profitable results, and results may vary substantially over time. Investors risk the loss of their investment.</b></p>
Item 8.B	<p><b>For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.</b></p> <p>All investments risk the loss of capital. No guarantee or representation is made that the Fund's program will be successful, and investment results may vary substantially over time. The Fund's investment program may utilize investment techniques such as options, futures, derivatives, margin transactions and short sales, which practices can, in certain circumstances, maximize the adverse impact to which the Fund may be subject. Prospective investors should give careful consideration to the following factors in evaluating the merits and suitability of an investment in the Fund.</p> <p><b><u>Investment and Trading Risks Generally</u></b></p> <p>Although the Fund makes investments through Investment Vehicles, the Fund may from time to time make direct investments. The following section highlights certain of the risks to the Fund arising out of the investment programs of Investment Vehicles, but which could apply directly to the Fund in the event that the Fund were to make any investments directly.</p> <p><i>Market Risk.</i> The profitability of a significant portion of the Fund's investment program depends to a great extent upon correctly assessing the future course of the price movements of securities, commodities and other investments. There can</p>

	<p>be no assurance that the Investment Manager or the managers of Investment Vehicles will be able to predict accurately these price movements. In addition, it is expected that certain investments in which the Investment Manager or the managers of Investment Vehicles may invest will have limited liquidity. This lack of liquidity, together with a failure to accurately predict market movements, may adversely affect the ability of the Investment Manager or managers of Investment Vehicles to execute trade orders at desired prices in rapidly moving markets.</p> <p>Some U.S. exchanges limit fluctuations in certain prices during a single day by imposing what are known as “daily price fluctuation limits” or “daily limits.” The existence of “daily price limits” or “daily limits” may reduce liquidity or effectively curtail trading in particular markets. Once the price of a particular contract has increased or decreased by the daily limit, positions in the contract can effectively neither be taken nor liquidated. Contract prices in various investments have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Fund or Investment Vehicles from promptly liquidating unfavorable positions and subject the Fund to substantial losses, which could exceed the margin initially committed to such trades. Daily limits may reduce liquidity, but they do not limit ultimate losses, as such limits apply only on a day-to-day basis. In addition, even if contract prices have not moved the daily limit, the Fund or Investment Vehicles may not be able to execute trades at favorable prices if there is only light trading in the contracts involved.</p> <p>As part of its emergency powers, an exchange or regulatory authority can suspend or limit trading in a particular investment or commodity interest, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only. The possibility also exists that governments may intervene to stabilize or fix exchange rates, restricting or substantially eliminating trading in the affected currencies.</p> <p>With respect to the investment strategy utilized by the Fund and Investment Vehicles, there is always some, and occasionally a significant, degree of market risk.</p> <p><i>Illiquid Investments.</i> The investments made by the Fund or an Investment Vehicle may be very illiquid, and consequently the Fund or such Investment Vehicle may not be able to sell such investments at prices that reflect the Investment Manager’s assessment of their value or the amount paid for such investments by the Fund. Illiquidity may result from the absence of an established market for the investments as well as legal, contractual or other restrictions on their resale by the Fund and other factors. Furthermore, the nature of the Fund’s investments may require a long holding period prior to profitability. The Fund Agreement authorizes the General Partner to make distributions in kind of portfolio instruments in lieu of or in addition to cash. In the event the General Partner makes distributions in kind, such in kind assets could be illiquid or subject to legal, contractual and other restrictions on transfer.</p> <p><i>Competitive Markets.</i> The investments industry in general, and the markets in which the Fund and Investment Vehicles intend to trade, are extremely competitive. In pursuing their trading methods and strategies, the Fund will compete with investment firms, including many of the larger investment advisory</p>
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	<p>and private investment firms, as well as institutional investors and, in certain circumstances, market-makers, banks and broker-dealers. In relative terms, the Fund has little capital and may have difficulty in competing in markets in which its competitors have substantially greater financial resources, larger research staffs, and more trading professionals than the Fund has or expect to have in the future. In any given transaction, investment and trading activity by other firms will tend to narrow the spread between the price at which a commodity interest or investment may be purchased by the Fund and the price it expects to receive upon consummation of the transaction.</p> <p><i>Commodities Risks.</i> The Fund and Investment Vehicles may trade directly in physical commodities, including electricity, natural gas, coal and crude and refined oil products contracts that may require the delivery of each of the foregoing. Since the Fund and Investment Vehicles will not engage in the production of natural gas, electricity or other energy-related commodities, the Fund and Investment Vehicles may be required to purchase natural gas, electricity and other commodities from third parties in order to fulfill its obligations under such contracts. The Fund or Investment Vehicles may be liable to third parties for damages if it is unable to fulfill its obligations to deliver natural gas, electricity or other commodities for any reason, including transportation or transmission failures or default by a third party supplier.</p> <p><i>High Yield, Low or Unrated Securities.</i> The Fund and certain Investment Vehicles may invest in “high yield” bonds and preferred stock or debt securities which are unrated or rated in the lower categories by the various credit rating agencies. Securities in the lower rated categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer’s capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration or general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those of higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.</p> <p><i>Short-Sales.</i> The Fund or Investment Vehicles may affect short sales. Short selling is the practice of selling investments which are not owned by the seller, generally when the seller anticipates a decline in the price of the investments or for hedging purposes. To complete a short sale, the seller must borrow the investments from a third party in order to make delivery to the buyer. The seller generally will be required to pay a brokerage commission or interest which will increase the cost to the seller of selling such investments. The proceeds of the short sale plus additional cash or investments must be deposited as collateral with the lender of the investments to the extent necessary to meet margin requirements; the amount of the required deposit will be adjusted periodically to reflect any change in the market price of the investments which the seller is required to return to the lender. The seller generally will be entitled to receive payments from the lender with respect to the short sale proceeds and additional cash on deposit with</p>
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	<p>the lender, at negotiated rates typically based on the lender's short-term borrowing costs. The seller will be obligated to return the investments equivalent to those borrowed at any time on demand of the lender of the investments borrowed by purchasing them at the market price at the time of replacement. Until the investments are replaced, the seller will be required to pay to the lender amounts equal to any dividends or interest which accrue during the period of the loan of the investments.</p> <p>Under certain circumstances, including any U.S. or non-U.S. governmental or regulatory action which impacts short selling, the Fund or an Investment Vehicle may be prematurely forced out of a short position. The lender of a security used to take a short position generally has the right to demand the return of the stock that has been loaned at any time. In such event, the Fund or Investment Vehicle would be required to replace the borrowed securities by borrowing the securities from another lender. If the Fund or the Investment Vehicle were unable to replace the borrowed securities it would be required to close out the short position by buying the security in the market to make delivery. In such event, the Fund or Investment Vehicle could incur a significant loss if the security sold short had increased in value.</p> <p>Provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") and new rules promulgated by the SEC may increase the costs of short selling, make interactions with the issuers of securities being sold short more difficult and alter the prices or timing of short sales. The Dodd-Frank Act requires broker-dealers to provide notices to their customers that inform them of their right to opt out of allowing broker-dealers to use their fully paid securities for short sales. In the event that many broker-dealer customers opt out of allowing their fully paid shares to be used in short selling, locating shares for pre-borrowing may become more expensive, especially after the adoption of the SEC's 2008 short selling rules, which were targeted at preventing "naked short selling." In addition, the Dodd-Frank Act requires the SEC to adopt rules requiring monthly public disclosure of short selling information. To the extent that the Fund or an Investment Vehicle sells short the securities of an issuer and is required to disclose such information publicly, it may be more difficult to obtain research regarding the issuer.</p> <p>Finally, a recently adopted SEC rule, the "Circuit Breaker Uptick Rule," will limit the Fund's or an Investment Vehicle's ability to sell securities short during the day a stock has declined 10% on its listing market and the following day, except for transactions that are at a price that are above the last national best bid. Due to the SEC rule, the Fund or Investment Vehicles may not be able to sell securities short at planned times or prices.</p> <p><i>Distressed Securities.</i> The Fund and certain Investment Vehicles may purchase, directly or indirectly, securities and other obligations of companies that are experiencing significant financial or business distress, including companies involved in bankruptcy or other reorganization or liquidation proceedings. Although such purchases may result in significant returns, they involve a substantial degree of risk and may not show any return for a considerable period of time. In fact, many of these securities and investments ordinarily remain unpaid unless and until the company reorganizes and/or emerges from bankruptcy proceedings. As a result, such securities may have to be held for an extended period of time. A wide variety of considerations exist, including, for example, the</p>
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	<p>possibility of litigation between the participants in a reorganization or liquidation proceeding or a requirement to obtain mandatory or discretionary consents from various governmental authorities or others. The uncertainties inherent in evaluating such investments may be increased by legal and practical considerations which limit the access of the Investment Manager to reliable and timely information concerning material developments affecting a company, or which cause lengthy delays in the completion of the liquidation or reorganization proceedings. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial distress is unusually high. There is no assurance that the Investment Manager will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which the Fund or an Investment Vehicle invests, the Fund or such Investment Vehicle may lose its entire investment or may be required to accept cash or securities with a value less than the Fund's or such Investment Vehicle's original investment.</p> <p><i>Leverage.</i> The Fund and certain Investment Vehicles may trade on margin, engage in other forms of borrowing to finance their operations and use other forms of financial leverage. The level of interest rates and the rates at which the Fund and certain Investment Vehicles can borrow will affect the operating results of the Fund and those Investment Vehicles. Fluctuations in the market value of the portfolio of a heavily leveraged Investment Vehicle can have a disproportionately large effect in relation to the capital of that Investment Vehicle. Any event which may adversely affect the value of positions held by an Investment Vehicle could significantly affect the net asset value of the Fund.</p> <p><i>Derivatives.</i> The Fund or Investment Vehicles may purchase derivative instruments, or "derivatives," which include futures, options, swaps, structured investments and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying investments, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of particular investments at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are "leveraged," and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose the Fund to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts, and to counterparty risk. The counterparty risk lies with each party with whom the Fund or selected Investment Vehicles contract for the purpose of making derivative investments (the "Counterparty"). In the event of the Counterparty's default, the Fund or the Investment Vehicles will only rank as unsecured creditors and risk the loss of all or a portion of the amounts they are contractually entitled to receive.</p> <p><i>Regulation of Swaps and Swap Participants.</i> Recently enacted amendments to the Commodity Exchange Act (the "Commodity Exchange Act") will regulate swaps</p>
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	<p>and could subject the Fund or Investment Vehicles to significant regulation. The Wall Street Transparency and Accountability Act of 2010 (the “WSTAA”), subject to exceptions for persons entering into swaps for specified hedging purposes, (1) requires swaps accepted for clearing by a derivatives clearing organization (a “DCO”) or for trading through a designated contract market or swaps-execution facility to be so cleared and traded, (2) requires margin for almost all swap transactions, (3) subjects traders with a “substantial position” in swaps to registration and regulation requirements as a “major swap participant” or “swap dealer” and (4) imposes position limits on swaps either individually or in the aggregate with respect to positions in commodity-futures contracts.</p> <p>Due to the new requirements imposed by the WSTAA, the Fund or Investment Vehicles may experience increased transaction costs to pay for the clearing, execution and segregation obligations. In addition, margin requirements may increase once margin is set by DCOs with input from the CFTC, which may limit the Fund’s or an Investment Vehicle’s ability to engage in leverage and limit the Fund’s return. The application of position limits to swap contracts may also limit the Fund’s or an Investment Vehicle’s ability to concentrate in any particular contract or exposure to an underlying commodity and may negatively impact the Fund’s or Investment Vehicle’s ability to take advantage of current market trends or conditions. While most of these requirements will not be effective until December 2011, the market for swaps may begin tightening in the near future.</p> <p>Depending on the scope of the final rules adopting recent derivatives reform legislation, the Fund or Investment Vehicles may be subject to capital and other requirements as a swap dealer or “major swap participant.” If the Fund or an Investment Vehicle is deemed to (1) enter into swaps as its ordinary course of business, (2) be a market maker for any type of swaps, (3) maintain a “substantial position” in any type of swap for speculative purposes or (4) otherwise create counterparty risk that could have serious adverse consequences on the financial stability of the U.S., the Fund or an Investment Vehicle may be deemed to be a swap dealer (in the case of (1) or (2)) or a “major swap participant” (in the case of (3) or (4)). If the Fund or an Investment Vehicle is deemed to be a swap dealer or a “major swap participant,” the Fund or the Investment Vehicle may be required to register with the CFTC as such and would be subjected to a number of regulatory requirements that would significantly impact the Fund or the Investment Vehicle and their returns. If it were required to register as a swap dealer or major swap participant, in addition to the recordkeeping, back-office and reporting requirements, the Fund or an Investment Vehicle would be subject to margin collection requirements for swaps that are not cleared, capital requirements, disclosure obligations and special duties to governmental entities. These requirements may increase the potential liability of the Fund or an Investment Vehicle when trading swaps and impact the Fund’s or an Investment Vehicle’s ability to deploy its capital in the most productive manner. The scope of the above concepts is currently unclear as is the extent to which it will impact the Fund, Investment Vehicles and their respective operations.</p> <p><i>Futures Contracts.</i> A portion of the Fund’s capital may be invested with or allocated to Investment Vehicles that are involved with investing in futures contracts or other commodities interests. Futures prices are highly volatile. Because of the low margin deposits normally required in futures trading, an extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in</p>
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	<p>substantial losses to the investor. Like other leveraged investments, any purchase or sale of a futures contract may result in losses in excess of the amount invested.</p> <p><b>Index Contracts.</b> Investment Vehicles may, but are not required to, utilize various other instruments to seek a hedge against the risk of changes in the level of prices of broad market averages or indices, as well as narrower indices or baskets of securities. These hedging strategies may be executed through the use of exchange-traded equity index options or futures contracts or options thereon, standardized or individually negotiated over-the-counter contracts or other forms of derivative contracts (collectively, “index contracts”).</p> <p>Index contracts have risks associated with them including possible default by the other party to the transaction, illiquidity and, to the extent the Investment Vehicle manager’s view as to certain market movements is incorrect, the risk that the use of such index contracts could result in losses greater than if they had not been used. Moreover, the lack of complete correlation between price movements of index contracts and price movements in the portfolio position of an Investment Vehicle creates the possibility that losses in the value of such Investment Vehicle’s position may be greater than the gain on the hedging instrument (or that a gain in such Investment Vehicle’s portfolio position may be less than the loss on the hedging instrument). In addition, futures and options markets may not be liquid in all circumstances and certain over-the-counter index contracts may have no markets. As a result, in certain markets, an Investment Vehicle might not be able to close out a transaction without incurring substantial losses, if at all. Although the successful use of index contracts for hedging should tend to reduce the risk of loss due to a decline in the value of the hedged position, at the same time such transactions would tend to limit any potential gain which might result from an increase in value of such position.</p> <p><i>Forward Contracts.</i> The Fund and certain Investment Vehicles may enter into forward contracts for the trading of certain investments, such as currencies and precious metals, with U.S. and foreign banks and currency and precious metals dealers and Counterparties. A forward contract is a contractual obligation to buy or sell a specified quantity of a commodity at or before a specified date in the future at a specified price and, therefore, is similar to a futures contract. Banks and dealers act as principals in such markets. None of the SEC, the CFTC or banking authorities regulates trading in forward contracts on currencies, and foreign banks are not regulated by any U.S. governmental agency. The principals who deal in the forward contract market are not required to continue to make markets in such contracts. There have been periods during which certain participants in forward markets have refused to quote prices for forward contracts or have quoted prices with an unusually wide spread between the price at which they are prepared to buy and that at which they are prepared to sell.</p> <p><i>Put and Call Options on Specific Securities.</i> The Fund and Investment Vehicles may purchase exchange-listed and over-the-counter (“OTC”) put and call options on specific securities. In addition, an Investment Vehicle may write and sell covered or uncovered call and put option contracts. A call option gives the purchaser of the option the right to buy, and obligates the writer to sell, the underlying security at a stated exercise price at any time prior to the expiration of the option. Similarly, a put option gives the purchaser of the option the right to sell, and obligates the writer to buy, the underlying security at a stated exercise price at any time prior to the expiration of the option. Options written by the Fund or Investment Vehicle may be wholly or partially covered (meaning that the</p>
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	<p>Fund or such Investment Vehicle, as applicable, holds an offsetting position) or uncovered. Options on specific securities may be used to seek enhanced profits with respect to a particular security. Alternatively, they may be used for various defensive or hedging purposes. For example, they may be used to protect against a future adverse change in the market price of a particular portfolio security held by an Investment Vehicle without requiring a sale of the security.</p> <p>Use of put and call options may result in losses to an Investment Vehicle, force the sale or purchase of portfolio securities at inopportune times or for prices higher than (in the case of put options) or lower than (in the case of call options) current market values, limit the amount of appreciation an Investment Vehicle can realize on its investments or cause an Investment Vehicle to hold a security it might otherwise sell. For example, a decline in the market price of a particular security could result in a complete loss of the amount expended by an Investment Vehicle to purchase a call option (equal to the premium paid for the option and any associated transaction charges). An adverse price movement may result in unanticipated losses with respect to covered options sold. The use of uncovered option writing techniques may entail greater risks of potential loss than other forms of options transactions. For example, a rise in the market price of the underlying security will result in the realization of a loss on the calls written, which would not be offset by the increase in the value of the underlying securities to the extent the call option position was uncovered.</p> <p><i>Commodity Pool Operator and Commodity Trading Advisor Registration Exemption.</i> The Fund and Investment Vehicles may trade in commodities and futures. Such trading activity is regulated by the CFTC. Pursuant to an exemption from registration under CFTC regulations, neither the General Partner nor the Investment Manager is required to register, and is not registered, with the CFTC or the NFA as a commodity pool operator (a “CPO”) or as a commodity trading advisor (“CTA”). Pursuant to the CPO exemption, the General Partner and Investment Manager are subject to specific limitations on the amount of commodities and futures that they can trade on behalf of the Fund, whether directly or through investments in Investment Vehicles that trade in commodities and futures. Should the Fund’s investments in commodities or futures instruments exceed the limits provided by the applicable exemption from registration, the General Partner and the Investment Manager will either have to register with the NFA or cease providing commodity interest trading advice to the Fund and liquidate the Fund’s holdings of commodities and futures and investments in certain Investment Vehicles which may result in losses and additional costs to the Fund.</p> <p><i>Foreign Investment.</i> The Fund and the Investment Vehicles may invest in securities of issuers organized or based outside the United States. These investments may be subject to a variety of risks and other special considerations not affecting securities of domestic issuers. Many foreign securities markets are not as developed or efficient as those in the United States. Securities of some foreign issuers are less liquid and more volatile than securities of comparable U.S. issuers. Similarly, volume and liquidity in many foreign securities markets are less than in the United States and at times, volatility of price can be greater than in the United States. The issuers may be subject to less stringent financial reporting and informational disclosure standards, practices and requirements than those applicable to U.S. issuers.</p>
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	<p>Since foreign securities transactions often are denominated in currencies of foreign countries, the Fund or an Investment Vehicle may incur currency exchange costs when effecting these transactions, and the value of these securities as measured in U.S. dollars may be affected favorably or unfavorably by subsequent changes in currency rates and exchange control regulations. Currency exchange rates may fluctuate significantly over short periods of time. The Investment Vehicles will be permitted, but will not be required, to engage in currency hedging transactions (using forward, futures or options contracts) to protect against adverse changes in currency rates, and it is possible that such hedging transactions could be unsuccessful.</p> <p><b><u>Risks specific to investing in Investment Vehicles</u></b>  Risks specific to investing in Investment Vehicles are described more fully in Item 8.C below.</p> <p><b><u>Fund and General Partner Risks</u></b>  <i>Possible Effect of Substantial Withdrawal.</i> Substantial withdrawals from the Fund by Limited Partners could require the Fund to redeem or liquidate its investments in Investment Vehicles or securities more rapidly than otherwise desired in order to raise the cash necessary to fund the withdrawals. Illiquidity in certain markets could make it difficult for the Investment Vehicle managers to liquidate positions on favorable terms, which could result in losses or a decrease in the net asset value of the Fund. In addition, restrictions on the Fund's ability to redeem its investments in Investment Vehicles (particularly in private equity investment funds) may be a factor in the Fund's ability to fund withdrawals. The Fund may receive distributions of securities, marketable or otherwise, from the underlying Investment Vehicles and the General Partner may, in its sole discretion, make distributions in-kind to withdrawing Limited Partners.</p> <p><i>Restrictions on Withdrawals; Lack of Transferability.</i> Limited Partners are subject to restrictions on withdrawals from the Fund. Interests are also subject to significant restrictions on transfer, including the requirement that the General Partner consent to any such transfer. Prospective investors in the Fund will be required to represent that they are acquiring their Interests for investment purposes only and not with a view to or for resale or distribution. The Interests have not been registered under the Securities Act of 1933, as amended, and therefore are subject to restrictions on transfer under that Act.</p> <p><i>Distributions.</i> Because the ability to make withdrawals from the Fund is limited and because the Fund does not pay distributions, an investment in the Fund is not suitable for investors seeking current distributions of income.</p> <p><i>Limited Protection under Investment Management Statute.</i> The Fund will not register as an investment company under the Company Act in reliance upon an exemption to privately offered investment companies. Consequently, many of the protections afforded by Company Act (which, among other things, require investment companies to have a majority of disinterested directors and regulate the relationship between the adviser and the investment company, including the type of compensation paid to the adviser) will not be applicable.</p> <p><i>Dependence on the Principal.</i> The Fund will be substantially dependent on the services of David A. Breskin. In the event of the death, disability or departure of David A. Breskin from the General Partner and/or the Investment Manager, the</p>
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	<p>business of the Fund may be adversely affected. In such event, a majority in interest of the limited partners may elect to continue the Fund by electing a successor general partner. David A. Breskin will devote such time and effort as he deems necessary for the management and administration of the Fund's business. However, he will continue to engage in varied interests in addition to managing the Fund, and consequently, he will not devote his complete time to the Fund's business.</p> <p><i>Lack of Required Audit.</i> Although the Fund invests in Investment Vehicles that each require an annual audit by independent financial auditors and the General Partner expects to cause the Fund's annual financial statements to be audited on a going-forward basis, the Fund Agreement does not require that the General Partner have the financial statements of the Fund audited at the end of each fiscal year.</p> <p><b><u>Tax Risks</u></b></p> <p><i>Certain Tax Considerations.</i> The Fund may take positions with respect to certain tax issues which depend on legal conclusions not yet resolved by the courts. Should any such positions be successfully challenged by the Internal Revenue Service, a Limited Partner might be found to have a different tax liability for that year than that reported on his or its federal income tax return.</p> <p>In addition, an audit of the Fund, if conducted, may result in an audit of the returns of some or all of the Limited Partners, which examination could result in adjustments to the tax consequences initially reported by the Fund and affect items not related to a Limited Partner's investment in the Fund. If such adjustments result in an increase in a Limited Partner's federal income tax liability for any year, such Limited Partner may also be liable for interest and penalties with respect to the amount of underpayment. The legal and accounting costs incurred in connection with any audit of the Fund's tax return will be borne by the Fund. The cost of any audit of a Limited Partner's tax return will be borne solely by the Limited Partner.</p> <p><i>Delayed Schedules K-1.</i> The Fund will provide Schedules K-1 as soon as practical after receipt of all of the necessary information. The Fund may not be able to provide final Schedules K 1 to Limited Partners for any given fiscal year until after April 15 of the following year. If the General Partner elects to cause an audit of the Fund, Schedules K 1 may not be available until completion of the Fund's audit. Limited Partners should be prepared to obtain extensions of the filing date for their income tax returns at the federal, state and local level.</p> <p><i>Foreign Taxation.</i> 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 the Fund, 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.</p> <p><i>Tax Changes.</i> Significant legislative and budgetary proposals affecting tax laws have been made recently by the legislative and executive branches of the U.S.</p>
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	<p>federal government. The likelihood of enactment of any such proposals into law is uncertain. The enactment of any such proposals into law could have material adverse effects on the Fund and/or the Limited Partners.</p> <p><i>Unrelated Business Taxable Income (“UBTI”).</i> The Fund expects (either directly or indirectly through Investment Vehicles) to generate UBTI, which generally is taxable to U.S. tax-exempt entities. A Limited Partner that is an organization exempt from tax under Section 501(a) of the Code (a “Tax-Exempt U.S. Investor”) will be subject to tax on its allocable share of the Fund’s income that is considered to be UBTI as defined in Section 512 of the Code, and may be subject to the alternative minimum tax with respect to items of tax preference which enter into the computation of UBTI. A Tax-Exempt U.S. Investor also is subject to tax with respect to its, and its allocable share of the Fund’s, “unrelated debt-financed income” pursuant to Section 514 of the Code (“UDFI”). The Fund (directly or through an Investment Vehicle) is expected to generate income attributable to debt-financed property which will be attributed to the Limited Partners, including any Tax-Exempt U.S. Investors. A Tax-Exempt U.S. Investor’s share of the Fund’s income which is treated as UBTI may be significant (depending upon the degree of leverage utilized and the types of activities undertaken by the Fund (or Investment Vehicle)). In addition to other relevant considerations, fiduciaries of employee pension trusts and other prospective tax-exempt investors should consider the consequences of realizing UBTI in making a decision whether to invest in the Fund.</p> <p>The foregoing risk factors do not purport to be a complete explanation of all of the risks involved in the offering. <b>It is very important that Investors refer to their relevant confidential Private Placement Memorandum and other governing documents for a complete understanding of the material risks involved in relation to Prosaic’s investment strategies and methods of analysis. The information contained herein is a summary only and is qualified in its entirety by such documents.</b></p>
Item 8.C	<p><b>If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.</b></p> <p><b><u>Risks Related to Investment Vehicles</u></b></p> <p><i>Use of Multiple Managers is No Assurance of Success.</i> No assurance is given that the Investment Vehicles managers’ collective performance will result in profitable returns for the Fund as a whole under all or any conditions. The possibility exists that good performance achieved by one or more managers may be neutralized by poor performance experienced by other managers. While the Investment Manager believes that the Fund’s investment program will moderate this risk to some degree through multiple Investment Vehicles, no guarantee or representation is made that the program of the Fund will be successful. No assurance can be given that the Fund will achieve its goal of providing investors with the investment benefits of a variety of Investment Vehicles while seeking to lessen the risks associated with any one Investment Vehicle. In addition, no assurance can be given that the Fund will achieve its investment objectives of capital appreciation, preservation of capital and reduction of risk.</p> <p><i>Managers of Investment Vehicles may use Trading Strategies that may not be Successful.</i> There can be no assurance that the trading strategies employed by the</p>



	<p>managers of an Investment Vehicle or that of the Investment Manager will be successful. For example, the proprietary models used by a manager may not function as anticipated during unusual market conditions. While each manager who will invest on behalf of the Fund has a performance record reflecting his prior experience in using the strategies that will be applied to trading for the Fund, this performance cannot be used to predict future profitability.</p> <p><i>Compensation of Managers of Investment Vehicles.</i> The managers of Investment Vehicles selected by the Investment Manager normally will be entitled to two forms of compensation: a fee based on net assets under management (typically 1-2% annually), plus performance compensation based on the appreciation (usually including unrealized appreciation) in the value of the Fund's investment account with the manager (typically 20% of net profits). While the performance compensation arrangements typically call for realized or unrealized losses to be carried forward as an offset against net profits in subsequent periods (e.g., a "high water mark"), managers generally are not otherwise penalized for realized losses or decreases in the value of such account. These performance compensation arrangements may create an incentive for those managers to effect transactions for the Fund's account that are particularly risky or speculative.</p> <p><i>Turnover.</i> Investment Vehicles may invest on the basis of short-term market considerations. The portfolio turnover rate of those investments by Investment Vehicles may be significant, potentially involving substantial brokerage commissions and fees (which such costs are borne indirectly by the Fund).</p> <p><i>Absence of Regulation Concerning Investment Vehicles.</i> Investment Vehicles and their respective managers will be subject to varying levels of regulation. Hedge funds are not registered as investment companies under the Company Act, and their managers often are not registered as investment advisers under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Similarly the managers of Investment Vehicles may not be registered as commodity pool operators or commodity trading advisors with the Commodity Futures Trading Commission (the "CFTC") or the National Futures Association (the "NFA") under the Commodity Exchange Act and its regulations. Therefore, many of the protections afforded to investors by the aforementioned laws may not be applicable. Similarly, certain investments in funds and accounts formed and operated outside the United States may not be subject to comprehensive government regulation. The managers of such Investment Vehicles may not be covered by insurance or by fidelity bonding. Moreover, the Fund generally will have no control over the selection of the custodians of the assets of such Investment Vehicles, which also may be subject to a lesser degree of government supervision or regulation than commercial banks, trust companies or securities dealers conducting business within the United States.</p> <p><i>Business and Regulatory Risks of Private Investment Funds.</i> The regulatory environment for private investment funds is evolving. Legal, tax and regulatory changes could occur during the term of the Fund that may adversely affect Investment Vehicles and the Fund. In addition, the futures and commodities markets are subject to comprehensive statutes, regulations and margin requirements. The CFTC, the SEC, other regulators and 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</p>
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	<p>modification by government and judicial action. The effect of any future regulatory change on Investment Vehicles in which the Funds invest (and thus on the Fund) could be substantial and adverse.</p> <p><i>Recent Developments in the Financial Services Industry.</i> Recent developments in the U.S. financial markets illustrate that the current environment is one of extraordinary and possibly unprecedented uncertainty for the financial services industry. In July of 2010, the Dodd-Frank Financial Reform Act was passed which imposes many new requirements and restrictions on the financial services industry that may affect the business, operations and performance of hedge funds, such as increased reporting requirements, limitations on certain trading activity and regulatory oversight by different agencies, such as the newly created Financial Stability Oversight Counsel. Even with the passage of the Dodd-Frank Financial Reform Act, the implications of its passage for the hedge fund industry as a whole still remain somewhat unclear. The hedge fund industry may continue to be adversely affected by the recent developments in the financial markets in the U.S. and abroad, and any future legal, regulatory, or governmental action and developments in such financial markets and the broader U.S. economy could have an adverse effect on the Fund's business, operations and performance.</p> <p><i>Valuation Risk.</i> From time to time, certain situations affecting an Investment Vehicle's valuation of investments (such as limited liquidity, unavailability or unreliability of third-party pricing information and acts or omissions of service providers to the Investment Vehicle) could have an impact on the net asset value of the Investment Vehicle, particularly if prior judgments as to the appropriate valuation of an investment should later prove to be incorrect after a net asset value-related calculation or transaction is completed. Investment Vehicles are generally not required to make retroactive adjustments to prior subscription or withdrawal transactions or management fees or incentive compensation based on subsequent valuation data.</p> <p><i>Concentration of Investments.</i> The Investment Manager has broad discretion over the Fund's investment program and may choose to allocate substantial portions of the Fund's assets to a particular Investment Vehicle or security. It is the intention of the Investment Manager to allocate the capital of the Fund in a manner that will provide for diversification among investment strategies, managers and securities. There can be no assurance, however, that the managers of selected Investment Vehicles will not take substantial positions in the same security at the same time. Such an occurrence may tend to result in more rapid changes in the Fund's portfolio, upward or downward, than would be the case with greater diversification, with the result that a loss in any such position could have a material adverse impact on the Fund's capital. Such managers may also make similar market timing decisions and asset allocation decisions between equity securities and cash equivalents or some combination of these and other strategies.</p> <p><b>It is very important that Investors refer to their relative confidential Private Placement Memorandum and other governing documents for a complete understanding of the material risks involved in relation to the types of securities Prosaic invests in on behalf of the Fund and such other accounts or advisory clients it manages (the "Advisory Clients"). The information contained herein is a summary only and is qualified in its entirety by such documents.</b></p>
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## ITEM 9 - DISCIPLINARY INFORMATION

If there are legal or disciplinary events that are material to a *client's* or prospective *client's* evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.

Items 9.A, 9.B, and 9.C list specific legal and disciplinary events presumed to be material for this Item. If your advisory firm or a *management person* has been *involved* in one of these events, you must disclose it under this Item for ten years following the date of the event, unless (1) the event was resolved in your or the *management person's* favor, or was reversed, suspended or vacated, or (2) you have rebutted the presumption of materiality to determine that the event is not material (see Note below). For purposes of calculating this ten-year period, the “date” of an event is the date that the final *order*, judgment, or decree was entered, or the date that any rights of appeal from preliminary *orders*, judgments or decrees lapsed.

Items 9.A, 9.B, and 9.C do not contain an exclusive list of material disciplinary events. If your advisory firm or a *management person* has been *involved* in a legal or disciplinary event that is not listed in Items 9.A, 9.B, or 9.C, but nonetheless is material to a *client's* or prospective *client's* evaluation of your advisory business or the integrity of its management, you must disclose the event. Similarly, even if more than ten years have passed since the date of the event, you must disclose the event if it is so serious that it remains material to a *client's* or prospective *client's* evaluation.

Item 9.A	<p>A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which your firm or a <i>management person</i></p> <ol style="list-style-type: none"><li>1. was convicted of, or pled guilty or nolo contendere (“no contest”) to (a) any <i>felony</i>; (b) a <i>misdemeanor</i> that <i>involved</i> investments or an <i>investment-related</i> business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses;</li><li>2. is the named subject of a pending criminal <i>proceeding</i> that involves an <i>investment-related</i> business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;</li><li>3. was <i>found</i> to have been <i>involved</i> in a violation of an <i>investment-related</i> statute or regulation; or</li><li>4. was the subject of any <i>order</i>, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a <i>management person</i> from engaging in any <i>investment-related</i> activity, or from violating any <i>investment-related</i> statute, rule, or <i>order</i></li></ol> <p>Not applicable to Prosaic.</p>
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Item 9.B	<p>An administrative <i>proceeding</i> before the SEC, any other federal regulatory agency, any state regulatory agency, or any <i>foreign financial regulatory authority</i> in which your firm or a <i>management person</i></p> <ol style="list-style-type: none"> <li>1. was <i>found</i> to have caused an <i>investment-related</i> business to lose its authorization to do business; or</li> <li>2. was <i>found</i> to have been <i>involved</i> in a violation of an <i>investment-related</i> statute or regulation and was the subject of an <i>order</i> by the agency or authority <ol style="list-style-type: none"> <li>(a) denying, suspending, or revoking the authorization of your firm or a <i>management person</i> to act in an <i>investment-related</i> business;</li> <li>(b) barring or suspending your firm's or a <i>management person's</i> association with an <i>investment-related</i> business;</li> <li>(c) otherwise significantly limiting your firm's or a <i>management person's</i> <i>investment-related</i> activities; or</li> <li>(d) imposing a civil money penalty of more than \$2,500 on your firm or a <i>management person</i>.</li> </ol> </li> </ol> <p>Not applicable to Prosaic.</p>
Item 9.C	<p>A self-regulatory organization (SRO) proceeding in which your firm or a management person</p> <ol style="list-style-type: none"> <li>1. was <i>found</i> to have caused an <i>investment-related</i> business to lose its authorization to do business; or</li> <li>2. was <i>found</i> to have been <i>involved</i> in a violation of the <i>SRO's</i> rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from <i>investment-related</i> activities; or (iii) fined more than \$2,500.</li> </ol> <p>Not applicable to Prosaic.</p>

## ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Item 10.A	<p>If you or any of your <i>management persons</i> are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.</p> <p>Not applicable to Prosaic.</p>
Item 10.B	<p>If you or any of your <i>management persons</i> are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.</p> <p>Pursuant to an exemption from the Commodity Futures Trading Commission (the “CFTC”) neither the General Partner nor the Investment Manager is registered with the CFTC as a commodity pool operator.</p>
Item 10.C	<p>Describe any relationship or arrangement that is material to your advisory business or to your <i>clients</i> that you or any of your <i>management persons</i> have with any <i>related person</i> listed below. Identify the <i>related person</i> and if the relationship or arrangement creates a material conflict of interest with <i>clients</i>, describe the nature of the conflict and how you address it.</p> <ol style="list-style-type: none"> <li>1. broker-dealer, municipal securities dealer, or government securities dealer or broker</li> <li>2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)</li> <li>3. other investment adviser or financial planner</li> <li>4. futures commission merchant, commodity pool operator, or commodity trading advisor</li> <li>5. banking or thrift institution</li> <li>6. accountant or accounting firm</li> <li>7. lawyer or law firm</li> <li>8. insurance company or agency</li> <li>9. pension consultant</li> <li>10. real estate broker or dealer</li> <li>11. sponsor or syndicator of limited partnerships</li> </ol> <p>Prosaic currently provides discretionary investment advisory services to one client, the Fund.</p> <p>While it is not contemplated at the current time, Prosaic may manage other client accounts, some of which have objectives similar to those of the Fund, including other collective investment vehicles which may be managed by Prosaic or any of their affiliates and in which Prosaic or any of their affiliates may have an equity interest.</p> <p>The Partnership Agreement requires that the General Partner, and Prosaic as a delegate of the General Partner pursuant to the Investment Management</p>

	<p>Agreement, act in a manner that it considers fair, reasonable and equitable in allocating investment opportunities to the Fund but does not otherwise impose any specific obligations or requirements concerning the allocation of time, effort or investment opportunities to the Fund or any restrictions on the nature or timing of investments for the account of the Fund and for the General Partner's and/or Prosaic's own account or for other accounts that the General Partner and/or Prosaic or its affiliates may manage. The General Partner and/or Prosaic is not obligated to devote any specific amount of time to the affairs of the Fund and is not required to accord exclusivity or priority to the Fund in the event of limited investment opportunities.</p>
Item 10.D	<p><b>If you recommend or select other investment advisers for your <i>clients</i> and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.</b></p> <p>Not applicable to Prosaic.</p>

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

Item 11.A	<p><b>If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your code of ethics to any <i>client</i> or prospective <i>client</i> upon request.</b></p> <p>Prosaic is of the view that its long-term business interests are best served by adherence to the principle that the Fund's interests come first. In recognition of Prosaic's fiduciary obligations to the Fund and Prosaic's desire to maintain its high ethical standards, Prosaic has adopted its Code of Ethics (the "Code"). The Code sets forth a standard of business conduct that takes into account Prosaic's status as a fiduciary and requires its access persons to place the interests of the Advisory Client (which includes the Fund and such other accounts or advisory clients managed by Prosaic from time to time) and Investors above their own interests.</p> <p>Prosaic's Code is designed to meet the requirements of Rule 204A-1 of the Investment Advisers Act of 1940 ("Advisers Act"). The Code requires access persons to comply with applicable federal securities laws. Further, access persons are required to promptly bring violations of the Code to the attention of Prosaic's Chief Compliance Officer. All access persons are provided with a copy of the Code and are required to acknowledge receipt of the Code on at least an annual basis.</p> <p>The Code contains provisions designed to prevent improper trading by access persons (which term includes any employee, independent contractor or other supervised person of Prosaic), prevent improper use of material, non-public information about securities recommendations made by Prosaic or securities holdings of the Fund, identify conflicts of interest, and provide a means to resolve any actual or potential conflicts in favor of the Fund.</p> <p>The Code sets forth certain reporting and pre-clearance requirements with respect to personal trading by access persons. Prosaic's access persons must provide the Chief Compliance Officer with a list of their personal accounts and an initial holdings report within 10 days of becoming an access person. In addition, Prosaic's access persons must provide annual holdings reports and quarterly transaction reports in accordance with Rule 204A-1 and must seek pre-clearance before engaging in any transactions involving Reportable Securities in his or her personal account. Accounts are reviewed on a regular basis and compared to transactions entered into by Prosaic for the Fund.</p> <p>The Code of Ethics includes insider trading policies and procedures that are designed to prevent the improper use of material, non-public information. Such insider trading policies and procedures prohibit Prosaic and its access persons from trading for the Fund or themselves, or recommend trading, in securities of a company while in possession of material, non-public information about the company, and from disclosing such information to any person not entitled to receive it. In addition, the Code of Ethics ensures the protection of nonpublic information about the activities of the Fund.</p>
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	<p>The Code also prohibits Prosaic and its access persons from “front running” (i.e., purchasing a security for a personal account while knowing that a manager of an Investment Vehicle or the Fund is about to purchase the same security, and then selling the security at a profit upon the rise in the market price following the purchase by the manager). Prosaic and its access persons are similarly prohibited from engaging in short selling when they have access to the confidential information that a manager of an Investment Vehicle or the Fund is about to sell a particular security. Additionally, Prosaic and its access persons are prohibited from “intermarket front-running” (e.g., trading in an option for a personal account when a manager of an Investment Vehicle is trading in the underlying security, and vice versa). Any violation of this prohibition constitutes grounds for immediate dismissal.</p> <p>Any transactions that are believed to be a violation of the Code will be reported promptly to the Chief Compliance Officer and executive management of Prosaic. The executive management of Prosaic, with advice of outside legal counsel, at its discretion, shall consider reports made to management and upon determining that a violation of this Code of Ethics has occurred, may impose such sanctions or remedial action management deems appropriate or to the extent required by law (as may be advised by outside legal counsel or other advisors). These sanctions may include, among other things, disgorgement of profits, suspension or termination of employment with Prosaic, or criminal or civil penalties.</p> <p>Investors or prospective Investors may obtain a copy of Prosaic’s Code of Ethics by contacting the Chief Compliance Officer, at 415-440-4140.</p>
Item 11.B	<p><b>If you or a <i>related person</i> recommends to <i>clients</i>, or buys or sells for <i>client</i> accounts, securities in which you or a <i>related person</i> has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.</b></p> <p><b>Examples: (1) You or a <i>related person</i>, as principal, buys securities from (or sells securities to) your <i>clients</i>; (2) you or a <i>related person</i> acts as general partner in a partnership in which you solicit <i>client</i> investments; or (3) you or a <i>related person</i> acts as an investment adviser to an investment company that you recommend to <i>clients</i></b></p> <p>Prosaic and its related persons will not, directly or indirectly, while acting as principal for its own account, knowingly sell any security to or purchase any security from the Fund without disclosing to the Investors in the Fund in writing prior to the completion of such transaction, the capacity in which Prosaic is acting and obtaining the specific consent of the Investors.</p> <p>As noted above, Prosaic only manages one Advisory Client. As such, Prosaic has no need to adopt any sort of allocation procedure. If Prosaic manages other Advisory Clients in the future, Prosaic will adopt such a set of procedures.</p>

Item 11.C	<p><b>If you or a <i>related person</i> invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a <i>related person</i> recommends to <i>clients</i>, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.</b></p> <p>Prosaic formulated its Code to allow access persons to engage in limited personal securities transactions while protecting the Fund, Prosaic and its access persons from the conflicts that could result from a violation of the securities laws or from real or apparent conflicts of interests. As such, access persons are generally prohibited from trading in anything but the acquisition or disposition of limited partnership interests of the Fund.</p> <p>Prosaic's general policy is for its employees not to trade or own anything but limited partnership interest in the Fund. It is the responsibility of each Access Person to ensure that a particular securities transaction (which includes interests in privately placed investment funds which are invested in by the Fund or evaluated for investment by Prosaic on behalf of the Fund, and in general any instrument commonly known as a security) being considered for his or her Personal Account is not subject to a restriction within Prosaic's Code of Ethics or otherwise prohibited by any applicable laws. Personal securities transactions for access persons may be effected only in accordance with the provisions of Prosaic's Code of Ethics.</p>
Item 11.D	<p><b>If you or a <i>related person</i> recommends securities to <i>clients</i>, or buys or sells securities for <i>client</i> accounts, at or about the same time that you or a <i>related person</i> buys or sells the same securities for your own (or the <i>related person's</i> own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.</b></p> <p>Please refer to Items 11.A, 11.B, and 11.C above</p>

## ITEM 12 - BROKERAGE PRACTICES

Item 12.A.1	<p>Describe the factors that you consider in selecting or recommending broker-dealers for <i>client</i> transactions and determining the reasonableness of their compensation (e.g., commissions).</p> <p><b>1. Research and Other Soft Dollar Benefits.</b> If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions (“soft dollar benefits”), disclose your practices and discuss the conflicts of interest they create.</p> <p><b>Note:</b> Your disclosure and discussion must include all soft dollar benefits you receive, including, in the case of research, both proprietary research (created or developed by the broker-dealer) and research created or developed by a third party.</p> <ol style="list-style-type: none"> <li>a. Explain that when you use <i>client</i> brokerage commissions (or markups or markdowns) to obtain research or other products or services, you receive a benefit because you do not have to produce or pay for the research, products or services.</li> <li>b. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving the research or other products or services, rather than on your <i>clients’</i> interest in receiving most favorable execution.</li> <li>c. If you may cause <i>clients</i> to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), disclose this fact.</li> <li>d. Disclose whether you use soft dollar benefits to service all of your <i>clients’</i> accounts or only those that paid for the benefits. Disclose whether you seek to allocate soft dollar benefits to <i>client</i> accounts proportionately to the soft dollar credits the accounts generate.</li> <li>e. Describe the types of products and services you or any of your <i>related persons</i> acquired with <i>client</i> brokerage commissions (or markups or markdowns) within your last fiscal year.</li> <li>f. Explain the procedures you used during your last fiscal year to direct <i>client</i> transactions to a particular broker-dealer in return for soft dollar benefits you received.</li> </ol> <p>Prosaic may engage in limited direct trading activities on behalf of the Fund. These transactions will generally be allocated to brokers, dealers and counterparties selected by Prosaic. Prosaic will use its best efforts to place the brokerage business of Advisory Clients generally in accordance with its duty to</p>
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	<p>obtain “best execution” of securities transactions for Advisory Clients. In determining best execution, Prosaic may consider many different factors, including, among others (i) the pricing and terms offered, (ii) the existence of required counterparty agreements (such as an ISDA), and (iii) a broker’s, dealer’s or counterparty’s ability and willingness to provide liquidity over the long-term and short-term, ability and willingness to provide access to new issues, ability to effect transactions, creditworthiness, overall relationship with Prosaic, facilities, reliability, financial responsibility, and recordkeeping, experience in handling similar transactions (based on various factors, including, without limitation, size, market conditions and type of security), overall responsiveness and the provision of research, brokerage and other products and services pursuant to “soft dollar” arrangements.</p> <p>Prosaic need not solicit competitive bids and does not have an obligation to seek the lowest available commission or other transaction cost. Accordingly, if Prosaic determines in good faith that the commissions or spreads charged by a broker, dealer or counterparty are reasonable in relation to the value of the brokerage, research and related products and services provided by such broker, dealer or counterparty, Advisory Clients may compensate such broker, dealer or counterparty in an amount greater than the amount another broker, dealer or counterparty might charge. Prosaic’ use of such research is expected to be minimal and is not directly related to any charges or stated increased transactional expenses for the research. Research is simply provided by certain of the counterparties used by Prosaic and could be deemed to be “soft dollars”.</p> <p>As previously noted, Prosaic currently provides discretionary investment advisory services to one client, the Fund. As such, the use or allocation of soft dollar are solely for the Fund and do not benefit other accounts.</p> <p>To the extent that Prosaic enters into soft dollar arrangements that are beyond the scope of Section 28(e), Prosaic may also be paying for services other than research through the commission rate. These other services obtained by Prosaic may include, without limitation, office space, facilities and equipment; administrative and accounting support; supplies and stationery; telephone lines, usage and equipment and other items which might otherwise be treated as an expense of Prosaic.</p> <p>To the extent Prosaic utilizes commissions to obtain items which would otherwise be an expense of Prosaic, including but not limited to research, such use of commissions in effect constitutes additional compensation to Prosaic. There may be an incentive for Prosaic to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than on the Fund’s interest in receiving most favorable execution.</p> <p>It is expected that the managers of the underlying Investment Vehicles will place their brokerage business generally in accordance with their duty to obtain “best execution” of securities transactions for their clients. This means that in selecting brokers or dealers to execute transactions, managers should always attempt to ensure that the total cost or proceeds of any transaction for a client is the most favorable obtainable under the circumstances.</p> <p>In determining best execution, a manager may take into account the full range and quality of a broker’s services that benefit an account under management such as</p>
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	<p>brokerage, research and other services. Therefore, managers may not necessarily negotiate “execution only” commission rates and may utilize soft dollars. 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 be otherwise obtainable.</p> <p>Prosaic will not have any direct control over the brokerage decisions made by managers and will not be able to regularly monitor the “soft dollar” arrangements or “best execution” practices of managers.</p> <p>To the extent that a manager’s policy is to stay within the Section 28(e) Safe Harbor, the manager should only receive products and services that have a mixed use if it makes a good faith allocation of the value of the non-research or brokerage products and services it receives and pays for such items in hard dollars.</p> <p>To the extent that a manager enters into soft dollar arrangements that are beyond the scope of the Section 28(e) Safe Harbor, the manager (and therefore the relevant Advisory Client) may also be paying for services other than research through the commission rate. These other services obtained by the manager may include, without limitation, office space, facilities and equipment; administrative and accounting support; supplies and stationery; telephone lines, usage and equipment and other items which might otherwise be treated as an expense of the portfolio manager. To the extent a manager utilizes commissions to obtain items which would otherwise be an expense of the manager, such use of commissions in effect constitutes additional compensation to the manager.</p>
Item 12.A.2	<p><b><u>Brokerage for <i>Client</i> Referrals.</u></b> If you consider, in selecting or recommending broker-dealers, whether you or a <i>related person</i> receives <i>client</i> referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.</p> <ol style="list-style-type: none"> <li>a. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving <i>client</i> referrals, rather than on your <i>clients’</i> interest in receiving most favorable execution.</li> <li>b. Explain the procedures you used during your last fiscal year to direct <i>client</i> transactions to a particular broker-dealer in return for <i>client</i> referrals.</li> </ol> <p>Prosaic does not utilize any broker-dealers to solicit client referrals.</p>
Item 12.A.3	<p><b><u>Directed Brokerage.</u></b></p> <ol style="list-style-type: none"> <li>a. If you routinely <u>recommend</u>, <u>request</u> or <u>require</u> that a <i>client</i> direct you to execute transactions through a specified broker-dealer, describe your practice or policy. Explain that not all advisers require their <i>clients</i> to direct brokerage. If you and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, describe the relationship and discuss the conflicts of interest it presents. Explain that by directing brokerage you may be unable to</li> </ol>

	<p>achieve most favorable execution of <i>client</i> transactions, and that this practice may cost <i>clients</i> more money.</p> <p>b. If you <u>permit</u> a <i>client</i> to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of <i>client</i> transactions. Explain that directing brokerage may cost <i>clients</i> more money. For example, in a directed brokerage account, the <i>client</i> may pay higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the <i>client</i> may receive less favorable prices.</p> <p><b>Note:</b> If your clients only have directed brokerage arrangements subject to most favorable execution of client transactions, you do not need to respond to the last sentence of Item 12.A.3.a. or to the second or third sentences of Item 12.A.3.b.</p> <p>Not applicable. Prosaic does not have directed brokerage arrangements. Prosaic has complete discretion in deciding what broker-dealers the Fund will use and in negotiating the rates of compensation the Fund will pay.</p>
Item 12.B	<p><b>Discuss whether and under what conditions you aggregate the purchase or sale of securities for various <i>client</i> accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to <i>clients</i> of not aggregating.</b></p> <p>Not applicable. Aggregation, or “bunching,” describes a procedure whereby an investment adviser combines the orders of two or more clients into a single order for the purpose of obtaining better prices and lower execution costs. Prosaic currently advises only one advisory client, the Fund.</p>

## ITEM 13 - REVIEW OF ACCOUNTS

Item 13.A	<p><b>Indicate whether you periodically review <i>client</i> accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the supervised persons who conduct the review.</b></p> <p>The Fund's portfolio is under continuous review by David A. Breskin (on behalf of Prosaic). Such reviews include a review of investment policy, the suitability of the investments used to meet policy objectives, cash availability, and investment objectives. Mr. Breskin considers, among other things, investment performance, the portfolio's sensitivity to market changes, and whether anything has changed subsequent to an initial investment decision that impacts the risk or potential return.</p>
Item 13.B	<p><b>If you review <i>client</i> accounts on other than a periodic basis, describe the factors that trigger a review.</b></p> <p>Please see Item 13.A. The Fund accounts are under continuous review.</p>
Item 13.C	<p><b>Describe the content and indicate the frequency of regular reports you provide to <i>clients</i> regarding their accounts. State whether these reports are written.</b></p> <p>The Fund furnishes to its Limited Partners as soon as practicable after the end of each taxable year (or as otherwise required by law) annual reports containing financial statements (which may or may not be examined by the Fund's independent auditors) as well as such tax information as is necessary for each Limited Partner to complete federal and state income tax or information returns, along with any other tax information required by law. The Fund also furnishes written quarterly reports reviewing the Fund's performance for such quarter.</p>

## ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

Item 14.A	<p>If someone who is not a <i>client</i> provides an economic benefit to you for providing investment advice or other advisory services to your <i>clients</i>, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.</p> <p>Not applicable to Prosaic.</p>
Item 14.B	<p>If you or a <i>related person</i> directly or indirectly compensates any <i>person</i> who is not your <i>supervised person</i> for <i>client</i> referrals, describe the arrangement and the compensation.</p> <p>Note: If you compensate any person for client referrals, you should consider whether SEC rule 206(4)-3 or similar state rules regarding solicitation arrangements and/or state rules requiring registration of investment adviser representatives apply.</p> <p>Not applicable to Prosaic.</p>

## ITEM 15 - CUSTODY

**If you have *custody* of *client* funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your *clients*, explain that *clients* will receive account statements from the broker-dealer, bank or other qualified custodian and that *clients* should carefully review those statements. If your *clients* also receive account statements from you, your explanation must include a statement urging *clients* to compare the account statements they receive from the qualified custodian with those they receive from you.**

With respect to the Fund, Prosaic's affiliate the General Partner is deemed to have custody by virtue of its status as a general partner.

The cash custodian is Bank of America, N.A. The branch is located at: US Trust, IL1-231-02-16, 231 South LaSalle Street, Chicago, IL, 60604. Cash is held in a Business Advantage checking account and a Business Interest Maximizer checking account.

To ensure compliance with Rule 206(4)-2 under the Advisers Act, Prosaic reasonably believes that all Investors in the Fund will be provided with audited financial statements for the Fund, prepared by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles, within 260 days of the end of the Fund's calendar year. We urge investors to carefully review the audited financial statements of the Fund.

## ITEM 16 - INVESTMENT DISCRETION

**If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).**

Prosaic has discretionary authority to manage the Fund, is responsible for all of its investment decisions, and is authorized to make purchase and sale decisions for the Fund.

As explained in Item 8 above, the Fund's investment strategy is set forth in detail in the Fund's offering memorandum. Prosaic has broad discretion over the Fund's investment program and may choose to allocate substantial portions of the Fund's assets to a particular Investment Vehicle or security. Prosaic will have full discretion as to the selection of Investment Vehicles, and no restrictions will exist pertaining to the types of investment strategies or styles that the managers of Investment Vehicles may employ.

Prospective Investors are provided with a confidential Private Placement Memorandum and Limited Partnership Agreement prior to their investment and are encouraged to carefully review such documents, along with all other relevant Fund materials, and to be sure that the proposed investment is consistent with their investment goals and tolerance for risk. Prospective Investors should also consult with their legal, tax, or other advisors prior to making any investment. Prospective Investors must also execute a Subscription Agreement, in which they make various representations, including representations regarding their suitability to invest in a high-risk investment pool. The Subscription Agreement includes a power of attorney appointing the General Partner as the Subscriber's true and lawful agent and attorney, with full power and authority in such Subscriber's name, place and stead, to execute the Partnership Agreement. The power of attorney is a special power of attorney coupled with an interest and is irrevocable to the fullest extent permitted by law.

## ITEM 17 - VOTING CLIENT SECURITIES

Item 17.A	<p><b>If you have, or will accept, authority to vote <i>client</i> securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your <i>clients</i> can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your <i>clients</i> with respect to voting their securities. Describe how <i>clients</i> may obtain information from you about how you voted their securities. Explain to <i>clients</i> that they may obtain a copy of your proxy voting policies and procedures upon request.</b></p> <p>Prosaic understands and appreciates the importance of proxy voting. To the extent that Prosaic has discretion to vote the proxies on behalf of its clients, Prosaic will vote any such proxies in the best interests of the Fund and Investors (as applicable) and in accordance with set compliance procedures. A summary of these compliance procedures, which are described in more detail in the Compliance Manual, are provided below:</p> <p>All proxies sent to the Fund that are actually received by Prosaic (to vote on behalf of the Fund) will be provided to the Chief Compliance Officer. If Prosaic advises more than one client, the Chief Compliance Officer will determine which of the clients hold an interest/share in the Investment Vehicle to which the proxy relates. It should be specifically noted that the Fund primarily invests in private investment funds. As such, it is expected that proxies received by Prosaic will deal with matters related to the operative terms and business details of such private investment funds. Prosaic is not responsible for, and these procedures are not applicable to, proxies received by the portfolio managers of the Investment Vehicles (related to issuers invested in by such underlying private investment funds). In instances where the Fund holds direct securities interests, the proxy may deal with other issues, but the same general procedures and policies will apply as applicable.</p> <p>Although voting certain proxies may be subject to the discretion of Prosaic, Prosaic is of the view that voting in line with these general guidelines is in the best interests of the Fund and Investors. Prosaic will generally vote in favor of routine corporate housekeeping proposals including, but not limited to, election of directors (where there are no related corporate governance issues); selection or reappointment of auditors; and increasing or reclassification of common stock. Prosaic will generally vote against proposals that: make it more difficult to replace members of the issuer's board of directors or board of managers; and introduce unequal voting rights (although there may be regulatory reasons that would make such a proposal favorable to certain Investors). For proxies addressing any other issues (which may include proposals related to fees paid to portfolio managers of underlying private investment funds, withdrawal/redemption rights provided by underlying private investment funds, investment objective modifications, etc.), Prosaic shall determine whether a proposal is in the best interest of the Fund. In doing so, Prosaic will evaluate a number of factors which may include (but are not limited to): (a) the performance of the underlying private investment fund in question; and (b) a comparison of the proposed changes in terms to customary terms in the industry.</p>
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	<p>Prior to voting any proxies, the Chief Compliance Officer will determine if there are any conflicts of interest related to the underlying private investment fund proxy in question. The examination will include (but will not be limited to) an evaluation of whether Prosaic or its affiliates has any relationship with the portfolio manager of the Investment Vehicle (or the Investment Vehicle itself, or either of their affiliates) to which the proxy relates outside of an investment in such Investment Vehicle by the Fund.</p> <p>If a conflict is identified, the Chief Compliance Officer will then make a determination (which may be in consultation with outside legal counsel) as to whether the conflict is material or not. If no material conflict is identified pursuant to these procedures, the Chief Compliance Officer will make a decision on how to vote the proxy. With respect to material conflicts, Prosaic will determine whether it is appropriate to disclose the conflict to affected Investors and give Investors the opportunity to direct voting of the proxies in question themselves, subject to certain special procedures for ERISA Investors if the Fund is subject to ERISA. Although not presently intended to be used on a regular basis, Prosaic is empowered to retain an independent third party to vote proxies in certain situations (including situations where a material conflict of interest is identified).</p> <p>A written record of each proxy Received by Prosaic (on behalf of the Fund) will be kept in Prosaic's files. All proxies received are tracked on a proxy voting spreadsheet, which tracks: (i) the name of the Fund(s) affected; (ii) the Investment Vehicle that has sent the proxy; (iii) potential conflicts of interest (if any); (iv) whether Prosaic voted "For" or "Against" such proxy; (v) the approximate date of the proposed changes; (vi) a summary of the subject proxy; and (vii) whether Prosaic's vote conforms with its proxy voting policies and procedures. The Chief Compliance Officer (or a Designated Person) will ensure that all files relating to Prosaic's proxy voting procedures are properly maintained. Records will be maintained and preserved for five years from the end of the fiscal year during which the last entry was made on a record, with records for the first two years kept in Prosaic's Office.</p> <p>If you have any questions about Prosaic's proxy policy or its proxy record-keeping procedures, please contact Prosaic's Chief Compliance Officer at 415-440-4140.</p>
Item 17.B	<p><b>If you do not have authority to vote <i>client</i> securities, disclose this fact. Explain whether <i>clients</i> will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) <i>clients</i> can contact you with questions about a particular solicitation.</b></p> <p>Not applicable to Prosaic.</p>

## ITEM 18 - FINANCIAL INFORMATION

Item 18.A	<p>If you require or solicit prepayment of more than \$1,200 in fees per <i>client</i>, six months or more in advance, include a balance sheet for your most recent fiscal year.</p> <ol style="list-style-type: none"> <li>1. The balance sheet must be prepared in accordance with generally accepted accounting principles, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity.</li> <li>2. Show parenthetically the market or fair value of securities included at cost.</li> <li>3. Qualifications of the independent public accountant and any accompanying independent public accountant's report must conform to Article 2 of SEC Regulation S-X.</li> </ol> <p>Not applicable to Prosaic.</p>
Item 18.B	<p>If you have <i>discretionary authority</i> or <i>custody</i> of <i>client</i> funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per <i>client</i>, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to <i>clients</i>.</p> <p>Prosaic is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.</p>
Item 18.C	<p>If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.</p> <p>Not applicable to Prosaic.</p>