

AIFAM, Inc.

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This brochure provides information about the qualifications and business practices of AIFAM, Inc. ("AIFAM"), an investment advisor registered with the United States Securities and Exchange Commission (the "SEC"). If you have any questions about the contents of this brochure, please contact us at general@aifaminc.com. Registration with the SEC as an investment advisor does not imply a certain level of skill or training. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about AIFAM is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2. Material Changes

Not Applicable

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Item 4. Advisory Business

AIFAM Inc. (“AIFAM”) is a New York corporation that commenced operations in January 2001 and has been registered with the SEC since February 2012. AIFAM is majority-owned by its founder, Takuma Aoyama.

AIFAM provides investment advisory and management services to private investment vehicles (“Fund”) intended for institutional investors. AIFAM’s advisory business includes:

- investment vehicles that allocate to a diversified group of pooled investment vehicles such as open-end and or closed-end funds, including hedge funds (“Fund of Funds”)
- customized portfolios of pooled investment vehicles such as hedge funds (“Separate Accounts”)

Funds may be structured as commingled vehicles with multiple investors or single investor accounts. The investment objectives of the Funds, as well as any limitation or restrictions on investment, are set forth in each Fund’s offering memorandum.

In general, AIFAM does not tailor the investment advisory services provided to the Funds based on the individual needs of investors in the Funds. In the case of Separate Accounts or single investor Funds, however, the needs of the sole investor may be considered in tailoring the investment objective and guidelines governing such account’s activities.

AIFAM does not participate in any wrap fee programs.

As of December 31, 2015, AIFAM managed approximately \$610 million in net assets, all of which is managed on a discretionary basis.

Item 5. Fees and Compensation

AIFAM may charge the following fees to Fund and Separate Account clients:

- Management fees, calculated as a percentage per annum of each Fund or Separate Account’s monthly ending net asset value, and generally payable in arrears on a monthly or quarterly basis.
- Performance fees, calculated as a percentage of net capital appreciation, subject to a high water mark, and in some cases subject to a hurdle rate or preferred return. Item 6 describes performance fees in further detail.

The fees charged by AIFAM to a particular Fund are set forth in that Fund’s offering memorandum. Investors generally do not have the right to terminate an investment advisory relationship with AIFAM as they typically do not contract directly with AIFAM, although investors may redeem their investments on the terms set forth in the relevant Fund’s offering memorandum. If an investor redeems from a Fund, any earned but unpaid fees will become due and payable as of the investor’s date of redemption.

AIFAM, in its discretion, may waive, reduce or rebate management or performance fees with respect to any investor.

The fees for advisory services rendered to Separate Accounts are negotiated with each client and disclosed in the investment advisory agreement for the account. Such fees are similar to those charged to Fund investors.

Where a Fund makes an investment in another vehicle managed by AIFAM and/or its affiliates, management and performance fees may be waived with respect to such investment.

For Fund of Funds, AIFAM's fees are in addition to any advisory fees and other expenses charged by the underlying portfolio funds held by a particular Fund. Managers of underlying portfolio funds ("Underlying Managers") are typically entitled to a management fee based on the fund's net asset value and a performance fee based on net capital appreciation. In addition, a Fund indirectly bears a pro rata share of the operating expenses of any portfolio fund in which it invests, including sales expenses, legal expenses, internal and external accounting, audit and tax preparation expenses, and organizational expenses.

As set forth in a Fund's offering documents, a Fund typically pays such costs and expenses that are necessary for the conduct of its business, including, but not limited to: investment-related expenses, organizational costs, expenses incurred in the offering of interests or shares, and operating costs including legal, accounting, administration and custodial expenses.

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

As noted in Item 5, AIFAM may receive performance-based compensation from certain Funds and certain classes of shares within the Funds. The performance fee calculation for a particular Fund is set forth in the Fund's offering memorandum. If applicable, the performance fee calculation for a Separate Account is set forth in the investment advisory agreement entered with the client.

Typically, AIFAM would be entitled to receive a performance fee based on a percentage of the net capital appreciation (as defined below) attributable to each share of an applicable Fund. Net capital appreciation means the amount by which the pro rata net asset value of the Fund applicable to each share as of the end of such month exceeds the higher of (a) the highest pro rata net asset value of the class applicable to such share as of the beginning of any performance fee period, and (b) the issue price of such share. The higher of such amounts in (a) and (b) is what is referred to as a "high water mark." The high water mark provision requires a recovery of prior period losses before a performance fee can be earned. In certain Funds, the performance fee may be subject to a hurdle rate or preferred return that must be surpassed for a given period before performance-based compensation may be earned. Performance fees are calculated monthly and earned on an annual basis (or in the case of an intra-year redemption, at the investor's date of redemption), and payable in arrears.

AIFAM, in its discretion, may waive, reduce or rebate the performance fee with respect to any investor. Additionally, AIFAM may establish Funds in which no performance fee is charged.

AIFAM manages multiple clients with differing performance-based and asset-based fee arrangements. Performance-based compensation may create an incentive to favor clients that pay higher fees over others in the allocation of investment opportunities. AIFAM has implemented policies and procedures to address conflicts of interest relating to the management of multiple clients, and to reasonably ensure the fair allocation of investment opportunities among Funds and Separate Accounts.

Regarding Fund of Funds, in the event of limited investment capacity or redemption opportunity in an Underlying Manager, AIFAM uses its best efforts to allocate, on a pro rata basis, purchase or redemption transactions of Underlying Managers. Such decisions are made on the basis of several factors of the Funds and Separate Accounts including, but not limited to: fund size, investment objective, portfolio construction and risk parameters, liquidity considerations, and available cash flow.

Item 7. Types of Clients

AIFAM provides investment advisory and management services to Funds and Separate Accounts. Investors of the Funds and Separate Accounts are generally institutional investors such as insurance companies, pension plans or corporations. The Funds generally have a minimum investment size of \$500,000 to \$2,000,000, which may be waived or modified at AIFAM's discretion. The required investor qualifications of a particular Fund are set forth in that Fund's offering memorandum. For avoidance of doubt, AIFAM Funds and Separate Accounts are generally not offered to investors that are US persons. AIFAM's clients are its Funds and Separate Accounts, but for the purposes of convenience, we may also refer to investors of Funds as clients.

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

Fund of Funds

AIFAM performs due diligence on all of the Underlying Managers in which it invests. The due diligence process is conducted through onsite meetings, conference calls and correspondence, which facilitate quantitative and qualitative analyses of each of the Underlying Managers. Sources of information for the analyses include information provided by the Underlying Managers, industry databases, news reports, research reports and information provided by industry contacts. Information for the analyses is maintained in AIFAM's proprietary database of Underlying Managers.

The quantitative analyses that AIFAM employs include, but are not limited to:

- Risk/return analysis
- Benchmark analysis
- Drawdown analysis
- Return distribution analysis
- Correlation analysis

- Factor analysis
- Portfolio analysis
- Peer analysis
- Exposure analysis
- Position crowding and manager overlap analysis

Qualitative analyses include, but are not limited to:

- The strength and stability of the organization
- Quality of the investment management team
- Capabilities of the operations, accounting, legal and compliance functions
- Effectiveness of the style, strategy and process
- Risk management
- Reporting and transparency
- Composition of the investor base
- Valuation policies
- Fund structure and investment terms

In addition to conducting due diligence on its investments, AIFAM monitors Underlying Managers on an ongoing basis to ensure the continued suitability of the Underlying Manager for allocation from AIFAM's clients. AIFAM communicates frequently with the principals and support staff of Underlying Managers concerning a number of review areas, including, but not limited to: portfolio composition and attribution, changes to investment objective or style, unexpected levels of volatility, and organizational or personnel changes.

AIFAM invests in a variety of investment strategies designed to produce attractive risk-adjusted returns. The Underlying Managers have broad discretion in the types of investments and strategies they may employ, and the amount of leverage they may use. The specific type and number of strategies employed by Underlying Managers changes over time, and AIFAM anticipates that depending on market conditions, some investment strategies may be more appropriate than others. Nevertheless, AIFAM anticipates that a number of investment strategies will be eligible for consideration for investment, including but not limited to the strategies described below.

Equity Long/Short

The strategy generally involves long and short investment in equity securities that are deemed to be under or overvalued. Underlying Managers do not attempt to neutralize the amount of long and short positions (i.e., will be net long or net short). Underlying Managers may specialize in a particular industry, country or region or may diversify holdings across industries, countries or regions.

Equity Market Neutral

The strategy generally involves the simultaneous purchase and sale of similar equity securities to exploit pricing differentials. Underlying Managers attempt to neutralize long and short positions to minimize the impact of general market movements.

Credit

The strategy generally involves long and short investment in credit instruments that are deemed to be under or overvalued. Other credit strategies are based on security selection of various fixed income instruments and bank loans based on fundamental analyses, and may include structured credit products.

Event Driven

This strategy generally involves investments in securities of firms involved in mergers, acquisitions or other special situations that alter a company's financial structure or operating strategy such as restructurings, liquidations, spin-offs, etc. Risk management and hedging techniques may be employed to protect the portfolio from deals that fail to materialize. The use of leverage varies considerably. Investment horizons may be long term and accordingly have higher illiquidity.

Global Macro

This strategy involves a wide variety of investment approaches, asset classes and instruments. Most Underlying Managers rely on macroeconomic analyses or tactical analysis to invest across countries, markets, sectors and companies, and have the flexibility to invest in numerous financial instruments. Futures and options are often used for hedging and speculation in order to quickly position a portfolio to profit from changing markets. The use of leverage varies considerably.

Fixed Income Relative Value

The strategy generally involves the simultaneous purchase and sale of similar fixed income securities to exploit interest and pricing differentials. Underlying Managers attempt to neutralize long and short positions to minimize the impact of general market movements. Since the strategy attempts to capture relatively small mispricings between two related securities, moderate to substantial leverage is often employed to produce attractive rates of return.

Managed Futures

The strategy generally involves taking long and short positions in futures and other highly liquid instruments in multiple asset classes. The strategy tends to be directional in nature but also can be designed to capture relative mispricing within and/or across asset classes. The use of leverage varies considerably.

Convertible/Volatility Arbitrage

The strategy generally involves the purchase and/or sale of convertible securities and/or derivatives with the purpose of capturing the mispricing of volatility and/or securities on an absolute or relative basis. Underlying Managers may employ either a directional or market neutral approach. The use of leverage varies considerably.

Multi-Strategy

This strategy is a combination of various hedge fund strategies.

Portfolio Hedges

The strategy generally involves the purchase and sale of financial instruments for the purpose of generating returns in adverse events for a portfolio. Under "normal" market conditions, these strategies may generate losses.

Material Risks

There can be no assurance that investment objectives of any AIFAM client will be achieved. The value of a Fund may decrease as well as increase and there can be no assurance that on a redemption, or otherwise, investors will receive back the amount originally invested. Past performance is not necessarily indicative of future results.

Funds managed and/or advised by AIFAM are only suitable for investment by investors who understand the risk involved and who are able and willing to withstand the total loss of their investment. Set forth below are certain factors that should be taken into consideration before making a decision to invest in a Fund managed or advised by AIFAM. While AIFAM believes the following to be comprehensive, it is not intended to include all of the factors relating to the risks that may be encountered:

Fund of Funds Risks

Due Diligence in Underlying Manager Selection Process

AIFAM will conduct due diligence which it believes is adequate to select Underlying Managers in which to invest Fund assets. However, there can be no assurance that due diligence will uncover problems associated with a particular Underlying Manager. AIFAM may rely upon representations made by the Underlying Managers and service providers which, if misleading, incomplete, or false, may result in the selection of Underlying Managers which might otherwise have been eliminated from consideration. No amount of due diligence can eliminate the possibility that one or more Underlying Manager(s) may engage in improper or fraudulent conduct, including unauthorized changes in investment strategy, misappropriation of assets and unsupportable valuations of portfolio securities.

Access to Information from Managers

AIFAM requests information from each Underlying Manager regarding the Underlying Manager's historical performance and investment strategy. AIFAM also requests detailed portfolio information on a continuing basis from each Underlying Manager. However, AIFAM may not always be provided with such information because certain information may be considered proprietary by the particular Underlying Manager. This lack of access to information may make it more difficult for AIFAM to select, allocate among, and evaluate Underlying Managers.

Activities of Underlying Managers

Although AIFAM will seek to select only Underlying Managers who will invest client assets with the highest level of integrity, the Funds and Separate Accounts will have no control over the day-to-day operations of any of the selected Underlying Managers. As a result, there can be no assurance that every Underlying Manager engaged will conform its conduct to these standards.

Valuation

AIFAM relies on information provided by Underlying Managers, or their administrators as applicable, to value a Fund's investments in Underlying Managers. A significant portion of the assets held by an Underlying Manager may be illiquid or non-marketable, and such assets are often assigned a fair value as the Underlying Manager may determine in its sole judgment. A fair value assessment may not be indicative of the value that could be realized in a liquid or established market. AIFAM relies on the information reported by the Underlying Managers to calculate a

Fund's net asset value for reporting, fees, and other purposes. Fund values calculated by AIFAM will be conclusive and binding on all investors.

Limited Liquidity of Fund Interests

Fund interests are illiquid investments and should be considered only by investors who are able to commit capital for an indefinite period of time. Transfers of Fund interests are permitted only upon AIFAM's consent, which may be withheld in its sole discretion, as well as compliance with applicable securities laws. A very limited market exists for Fund interests, and one is not expected to develop substantially. Investments in the Funds are subject to the liquidity terms set forth in each Fund's offering memorandum.

Multiple Investment Managers

Because AIFAM invests with Underlying Managers who make their trading decisions independently, it is theoretically possible that one or more of such Underlying Managers may, at any time, take investment positions that are opposite of positions taken by other Underlying Managers. It is also possible that the Underlying Managers retained by AIFAM may on occasion be competing with each other for similar positions at the same time. Also, a particular Underlying Manager may take positions for its other clients that are opposite to positions taken for AIFAM.

Diversification

Although AIFAM will seek to obtain diversification by investing with a number of different Underlying Managers with different strategies or styles, it is possible that several Underlying Managers may take substantial positions in the same security or group of securities at the same time. This possible lack of diversification may subject the investments of the Funds to more rapid changes in value than would be the case if the assets of the Funds and Separate Accounts were more widely diversified.

Market Risk

The profitability of a significant portion of AIFAM's investment program depends to a great extent on correct assessments of the future course of price movements of securities and other investments. There can be no assurance that Underlying Managers will be able to accurately predict these price movements. The securities markets have been characterized in recent years by great volatility and unpredictability. With respect to the investment strategy utilized by Underlying Managers to whom AIFAM will allocate, there is always some, and occasionally a significant, degree of market risk.

Non-Traditional Investment Strategies

The success of non-traditional investment strategies may be less dependent on general market trends and more dependent on the Underlying Managers' experience and skill.

Underlying Manager Risks

Lack of Operating History of Underlying Managers

The Underlying Managers retained by AIFAM may be new or relatively new Underlying Managers with a limited performance history in operating their own investment management company (although such Underlying Managers typically will have significant prior experience in the securities industry). Short term performance records are not predictive of longer term or future

performance. Therefore, such investments may involve greater risks than investment with more established Underlying Managers.

Performance-Based Compensation Arrangements with Underlying Managers

Funds managed and/or advised by AIFAM will typically enter into arrangements with Underlying Managers which provide that Underlying Managers be compensated, in whole or in part, based on the appreciation in value (including unrealized appreciation) of the account during specific measuring periods. In certain infrequent cases, Underlying Managers may be paid a fee based on appreciation during the specific measuring period without taking into account losses occurring in prior measuring periods, although AIFAM anticipates that most, if not all, Underlying Managers who charge performance-based fees will take into account prior losses. Such performance-based arrangements may create an incentive for such Underlying Managers to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation arrangements.

Funds managed and/or advised by AIFAM may be required to pay a performance fee to the Underlying Managers who make a profit for the Funds or Separate Accounts in a particular fiscal year even though the Funds may in the aggregate incur a net loss for such fiscal year.

Leverage

Underlying Managers retained by the Funds may utilize a substantial degree of leverage, particularly with regard to certain investment strategies. While the use of leverage offers the potential to increase investment returns, it can also magnify losses.

Employing leverage permits an Underlying Manager to control substantially more assets than it has equity. Underlying Managers may borrow funds “on margin” from brokers to finance purchase of equity securities, and the initial cash requirement, or “margin”, can vary considerably among counterparties and global financial markets. Purchases of debt securities may be financed through repurchase agreements with banks, brokers and other financial institutions which involve the transfer of the underlying debt instrument in return for cash proceeds based upon a percentage (which can be as high as 95-100%) of the value of the debt instrument. An Underlying Manager faces risks due to leverage in the event that its equity or debt instruments decline in value. In this event, the investments could be subject to a “margin call” or “collateral call,” pursuant to which the Underlying Manager must either deposit additional funds with the lender, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value.

Leverage increases returns to investors if the Underlying Manager earns a greater return on investments purchased with borrowed funds than the Underlying Manager’s cost of borrowing such funds. However, the use of leverage exposes funds to additional levels of risk including (i) greater losses from investments than would otherwise have been the case had the Underlying Manager not borrowed to make the investments, (ii) margin calls or interim margin requirements may force premature liquidations of investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Underlying Manager’s cost of borrowing such funds. In the event of a sudden, precipitous drop in value of the Underlying Manager’s assets, the Underlying Manager might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying the losses incurred by the fund.

To the extent that options, futures, swaps, and other “synthetic” or derivative financial instruments are used, it should be noted that such instruments inherently contain much greater leverage than an unlevered purchase of the underlying security, commodity or instrument. This is due to the fact that generally only a very small portion (and in some cases none) of the value of the underlying security, commodity or instrument is required to be pledged as collateral in order to make such investments. Derivatives markets are volatile, and margin or collateral requirements vary considerably. A sharp decrease in the value of a derivative position may subject an Underlying Manager to a “margin call” or “collateral call”, or force premature liquidation of the position.

Lastly, Underlying Managers may pursue investments in highly leveraged issuers or situations, including issuers that have engaged in leveraged buyouts or certain types of real estate related investments.

Although AIFAM monitors the Underlying Managers on an ongoing basis, the Funds cannot control the extent to which leverage is employed by an Underlying Manager.

Volatility

As a result of the Underlying Managers’ flexible investment style, including the use of leverage, investments in emerging markets, “macro” investments and derivative and synthetic instruments generally, the investment performance of the Funds may be more volatile than the investment performance of funds investing only in U.S. equity securities.

Trading Execution Risks and Underlying Manager Error

The execution of the trading and investment strategy employed by the Underlying Manager can often require rapid execution of trades, high trading volume, complex or difficult to execute trades, use of negotiated terms with counterparties such as in the use of derivatives, and the execution of trades involving less common or exotic instruments. In each case, it is the Underlying Manager’s responsibility to seek best execution and have trained execution and operational staff devoted to executing, settling and clearing such trades. AIFAM has no control over slippage, errors and miscommunications with brokers and counterparties that may result.

Varying Liquidity Terms for Underlying Managers

Investments in Underlying Managers are unregistered interests, which are subject to legal and other restrictions on transfer. An Underlying Manager permits withdrawals as set forth in its offering documents, which may be requested on a semi-annual, annual, or less frequent basis, such as in the case of closed-end funds. Certain Underlying Managers may impose “lock up” periods (investors are prohibited from withdrawal for a specified period following initial investment) or “gates” (investor withdrawals at a given date are limited to a specified percentage of the Underlying Manager’s net assets). Some Underlying Managers may also pursue illiquid investment opportunities, for which a portion of investor capital is placed in a “side pocket” and designated as non-redeemable until a realization event occurs with respect to the investment. Furthermore, Underlying Managers may limit or suspend withdrawal rights during periods of economic turmoil. AIFAM has no control over the liquidity of Underlying Managers, and limited withdrawal rights could expose the Funds or Separate Accounts to greater losses.

Portfolio Valuation

Because of overall size, concentration in particular markets and maturities of positions held by the Funds (i.e., through Underlying Managers), the value at which its investments can be liquidated may differ, sometimes significantly, from the interim valuations arrived at by the Underlying Managers. Securities held by the Underlying Managers may routinely trade with bid-ask spreads that may be significant. In addition, the Underlying Managers may hold loans or privately placed securities for which no public market exists. At times, third-party pricing information may not be available for certain positions held by the Underlying Managers.

Effect of Substantial Redemptions

In the event Underlying Managers retained by the Funds experience substantial redemptions on any date (whether due to poor performance, death or retirement of principals or other reasons), the Underlying Manager may find it difficult to adjust its asset allocation and trading strategies to the suddenly reduced amounts of assets under management. Under such circumstances, in order to provide sufficient funds to pay such redemptions, the Underlying Managers might be required to liquidate positions at an inappropriate time or on unfavorable terms, or to suspend payment of redemptions in whole or in part.

Concentration by Underlying Managers

Some of the Underlying Managers may concentrate their investments in only a few securities, industries, or countries. Although a Fund or Separate Account's overall investments may be diversified, concentration by Underlying Managers (individually or collectively) could increase the possibility of substantial losses.

Counterparty Risk

The financial institutions (such as brokerage firms and banks) with which an Underlying Manager may conduct business, or to whom instruments may be entrusted for custodial purposes, could encounter financial difficulties. This could impair the operational capabilities or the capital position of an Underlying Manager. AIFAM does not control the institutions selected by the Underlying Managers.

Item 9. Disciplinary Information

There have been no legal or disciplinary events relating to AIFAM that would be material to an investor's or prospective investor's evaluation of AIFAM's advisory business or the integrity of AIFAM's management.

Item 10. Other Financial Industry Activities and Affiliations

AIFAM has a number of affiliated entities domiciled in the United States and other jurisdictions.

AIFAM LLC is a Delaware limited liability company and wholly owned subsidiary of AIFAM. It serves as investment manager to certain Funds and shares common offices and employees of AIFAM.

AIFAM Asset Management Co., Ltd. is a Japanese corporation wholly owned by AIFAM. It is registered with, and regulated by, the Japanese Financial Service Authority.

AIFAM Capital Asia, Ltd. is a Cayman Islands exempted company owned by certain members of AIFAM's management.

From time to time, AIFAM and/or its affiliates may direct, or recommend to direct, a Fund advised or managed by AIFAM to invest all or any portion of its assets in another Fund AIFAM and/or its affiliates advises or manages.

Funds for which AIFAM or its affiliates serve as investment manager have and may in the future enter into agreements, or "side letters," with certain prospective or existing investors whereby such investors may be subject to terms and conditions that are more advantageous than those set forth in the private offering memorandum for the Fund. For example, such terms and conditions may provide for special redemption rights (relating to frequency or notice), a waiver or rebate in fees or redemption penalties to be paid by the investor and/or other terms, rights to receive reports from the Fund on a more frequent basis or that include information not provided to other investors (including, without limitation, increased portfolio transparency) and such other rights as may be negotiated by the Fund and such investors. The modifications are made solely at the discretion of the Fund and may, among other things, be based on the size of the investment in the Fund, an agreement by an investor to maintain such investment in the Fund for a significant period of time, or other similar commitment by an investor to the Fund.

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

AIFAM has adopted a Code of Ethics (the "Code") that meets industry standards of professionalism and integrity. The Code and Compliance Manual together provide a framework and guidelines for AIFAM personnel to prevent and minimize conflicts of interest, comply with applicable securities law and regulations, and maintain fiduciary duties to clients. All personnel acknowledge the Code at least annually or as amended. The Code is available to any client or prospective client upon request by contacting AIFAM at (212) 682 6100.

The Code requires AIFAM personnel to adhere to its personal trading policy. All personnel are required to obtain preclearance for transacting in certain securities, and are required to report transactions of reportable securities on a quarterly basis. Additionally, all personnel are required to report his/her holdings of reportable securities on an annual basis and at any time he/she opens a new brokerage account.

The Code includes policies and procedures on receiving and giving gifts and other forms of business entertainment, including preclearance and reporting requirements, as well as restrictions surrounding certain types of gifts and entertainment. The Code also provides guidelines on political activity and involvement by AIFAM and its personnel.

By policy, AIFAM and its affiliates do not engage in principal (purchase or sale of securities from client accounts) or agency (acting as broker regarding a purchase or sale of securities by client

accounts) transactions with respect to the Funds without obtaining prior consent from the client. AIFAM rarely engages in principal and agency transactions, if any. .

Certain AIFAM affiliates may, for their own account, transact in Underlying Managers that are similar or identical to investments held by the Funds. It is possible that the affiliates may transact at or near the same time, and take similar or opposite positions to those taken by the Funds. However, AIFAM's fiduciary duty with respect to the Funds has precedence over investment activity contemplated by AIFAM affiliates.

Item 12. Brokerage Practices

AIFAM has authority to select intermediaries to be used as well as negotiate the compensation to be paid to such parties in connection with a transaction in circumstances where a Fund engages in direct trading. Such transaction-based compensation is borne by the affected Fund. In selecting intermediaries, AIFAM considers, among other factors: financial stability of the intermediary, market expertise, execution efficiency, and commission rates.

AIFAM does not use or generate "soft dollars" with respect to Fund transactions. However, AIFAM may on occasion use financial intermediaries that provide non-execution related products or services to their customers.

For Fund of Funds, AIFAM does not typically select brokers or dealers to be used in the execution of transactions. When investing in an Underlying Manager, a Fund contracts directly with the Underlying Manager without the involvement of a financial intermediary, and such investment is generally not subject to brokerage fees or similar commissions.

To the extent a Fund engages in "secondary market" transactions in interests of an Underlying Manager, AIFAM has limited opportunities to select the financial intermediaries involved in such transactions. The number of intermediaries active in the "secondary market" is small and transaction costs may vary significantly among intermediaries and transaction types.

Item 13. Review of Accounts

AIFAM monitors and reviews its Funds on a regular basis. Members of the investment team are responsible for their assigned Fund and/or Underlying Managers. Matters considered in the review include composition and attributes of a Fund portfolio, adherence to the investment objective, Underlying Managers/Fund performance, and other factors as described in Item 8. An investment committee meeting is convened no less than once per month for a formal discussion of each Fund.

Fund investors receive reports as described in the offering documents of the respective Fund. Such reports generally include a monthly unaudited statement of account prepared and issued by a third party administrator and annual audited financial statements. In addition, some Funds may distribute other financial reports and information, or reports with specific format or content, as appropriate.

Item 14. Client Referrals and Other Compensation

AIFAM, including its affiliate entities, currently has no solicitation agreements for client referrals. In the event AIFAM enters solicitation agreements in the future, it will be in compliance with the requirements of Rule 206(4)-3 of the Advisers Act.

Item 15. Custody

AIFAM is not deemed to have custody of Fund assets as described under Rule 206 (4)-2 of the Advisers Act. Fund assets are maintained with third party qualified custodians for the benefit of the respective Funds.

Item 16. Investment Discretion

AIFAM has investment discretion for all Funds pursuant to investment management agreements and related or equivalent agreements as described in the offering documents of the Funds. Investors will not participate in the management of the Funds and generally may not place any limitation of AIFAM's discretionary authority. Investment guidelines and restrictions, if any, concerning a particular Fund are set forth in that Fund's offering memorandum.

Item 17. Voting Client Securities

AIFAM has implemented policies and procedures regarding the voting of proxies as required under Rule 206(4)-6 under the Advisers Act. It should be noted that Fund of Funds and Separate Accounts generally do not hold exchange-traded securities but rather hold interests in unregistered investment vehicles that do not regularly solicit votes, consents or proxies.

To the extent AIFAM exercises voting authority on behalf of a particular Fund, it will act in accordance with policies and procedures designed to ensure that proxies are voted in a Fund's best interest, after taking into consideration all relevant facts and circumstances at the time of the vote.

Any actual or apparent conflict of interest between the interest of AIFAM and its Funds will be resolved in manner consistent with the best interest of the Funds.

Investors and prospective investors may request a copy of the proxy voting policy and information concerning relevant Fund proxy records by contacting AIFAM at (212) 682 6100.

Item 18. Financial Information

Not Applicable.