

Form ADV Part 2A: Firm Brochure

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Halcyon Agilis Management LP

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Halcyon Agilis Management LP is an investment adviser that is registered with the United States Securities and Exchange Commission. Registration with the United States Securities and Exchange Commission does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of Halcyon Agilis Management LP. If you have any questions about the contents of this brochure, please contact us at (212) 303-9498. 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.

Additional information about Halcyon Agilis Management LP also is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

We updated information about assets under management as of July 31, 2012 in Item 1 and added certain strategy specific risks in Item 5.

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1. Advisory Business

Founded in the summer of 2011, Halcyon Agilis Management LP (also referred to as Halcyon or we), a long-short equity advisor, is an investment advisory services firm affiliated with Halcyon Asset Management LLC, a leading global asset management firm for private investment funds. Halcyon and its affiliates (referred to as the Halcyon Group) manage approximately \$10.4 billion in client assets (of which Halcyon's regulatory assets under management are approximately \$92,886,613 as of July 31, 2012) for a diverse group of advisory client funds whose investors include leading public and private pension funds, endowments, foundations, financial institutions, insurance companies, funds of hedge funds, and high-net-worth individuals. Halcyon Group's advisory client funds have investors in the United States, Canada, Latin America, the United Kingdom, Continental Europe, the Middle East, Asia, and Australasia.

Halcyon is headquartered in New York. John M. Bader, Kevah Konner, Thomas Hirschfeld, Scott Craven and Roy Smith are members of the Executive Committee of Halcyon. Scott Craven and Roy Smith are also Portfolio Managers of Halcyon. Halcyon is privately held, with Scott Craven, Roy Smith and Halcyon Agilis GP LLC as the principal owners. The Halcyon Group draws on the skills and experience of approximately 100 employees, more than 40 of whom are investment professionals.

Halcyon seeks to produce consistent absolute returns in a liquid long-short equity portfolio which is diversified in terms of industry sectors, growth rates, and valuation multiples through stock-specific, bottom-up research. Halcyon aims to produce strong returns over a full market cycle, primarily in large-capitalization and mid-capitalization US equities. Within that investment horizon, Halcyon seeks to maximize risk-adjusted performance while minimizing correlation to market indices such as the Standard & Poor's 500 Index.

Halcyon tailors its advisory services to the individual needs and specified investment mandates of its advisory client funds. We adhere to the investment strategy set forth in each such client's Private Placement Memorandum or an equivalent document. The investment management agreement with the Halcyon Agilis Master Fund L.P. (together with its feeder fund, referred to as the Halcyon Fund), our discretionary fund client, does not require us to tailor our services to the needs of specific underlying investors of the Halcyon Fund. Our functions with respect to our non-discretionary client fund consist in replicating the investment program of the Halcyon Fund, subject to available capital.

We do not participate in wrap fee programs. We manage client assets on a discretionary basis with respect to the Halcyon Fund. We also provide non-discretionary advisory services with respect to investment selection for an account sponsored by the Halcyon Group.

2. Fees and Compensation

Halcyon receives compensation from the Halcyon Fund calculated as a percentage of the assets of the Halcyon Fund and on performance achieved for the Halcyon Fund. The

governing documents of the Halcyon Fund permit us to negotiate different fees with investors in the Halcyon Fund separately and to waive the fees for certain of our affiliates, principals, and employees. Neither Halcyon nor any of its principals or employees receives any transaction-based compensation for the sale of securities or other investment products.

Halcyon deducts one-twelfth of the asset-based fee described above from the Halcyon Fund's account monthly. Because investors in the Halcyon Fund may not make intra-month withdrawals of their capital, investors do not pay a management fee in excess of what they owe for the entire month. Halcyon generally deducts performance-based compensation described above from the Halcyon Fund's accounts at the end of each year, or a shorter period coinciding with an earlier withdrawal date with respect to the withdrawn amount.

The Halcyon Fund bears all costs and expenses directly related to portfolio investment or prospective investments, such as brokerage commissions, interest on debit balances or borrowings, custodial fees, and legal and consultant fees. The Halcyon Fund also bears all out-of-pocket expenses incurred in obtaining or maintaining systems, research and other information utilized in the fund's investment programs together with out-of-pocket costs of administration including accounting, audit, administrator and legal expenses, costs of any litigation or investigation involving the fund's activities, costs associated with reporting and providing information to existing and prospective investors, and the costs of liability insurance. When Halcyon incurs expenses on behalf of multiple client accounts, we allocate the expenses among the applicable clients in a fair and reasonable manner.

Halcyon is entitled to reimbursement of expenses with respect to its non-discretionary advisory services.

For more information on brokerage transactions and costs, please see Section 9: Brokerage Practices.

3. Performance-Based Fees and Side-By-Side Management

Halcyon currently has one discretionary advisory client. Halcyon does not receive performance-based compensation in connection with its non-discretionary sub-advisory services. There is a potential conflict of interest for Halcyon in that it may favor its fee-paying client over the non-fee-paying client. However, the conflict of interest is minimized by the fact that the sub-advisor is subject to a contractual undertaking to present a pro rata portion of any investment opportunity offered to the Halcyon Fund to Halcyon's non-discretionary client.

4. Types of Clients

Each of our advisory clients is a private investment fund. Each of our advisory clients is a "qualified purchaser" as defined under US securities laws and regulations. Our client funds have a diverse group of investors, including leading pension funds, endowments, foundations, financial institutions, insurance companies, hedge funds of funds, and high-

net-worth individuals throughout the world. Halcyon generally requires investors that are US persons to be “accredited investors” and “qualified purchasers” (as defined in applicable federal securities laws and regulations).

5. Method of Analysis, Investment Strategies, and Risk of Loss

- A. Halcyon seeks to produce consistent absolute returns in a liquid long-short equity portfolio which is diversified in terms of industry sectors, growth rates, and valuation multiples through stock-specific, bottom-up research. Halcyon aims to produce strong returns over a full market cycle, primarily in large-capitalization and mid-capitalization US equities. Within that investment horizon, Halcyon seeks to maximize risk-adjusted performance while minimizing correlation to market indices such as the Standard & Poor’s 500 Index. Halcyon uses a mix of quantitative and qualitative analysis and in-depth due diligence to identify companies that both (a) appear subject to be subject to catalysts which will accelerate/decelerate their earnings and cash flow rates in the near to medium term and (b) appear to be attractively valued (in the case of our long positions) or unattractively valued (in the case of short positions) relative to their respective peer groups.

Halcyon’s idea generation process is highly collaborative, with both Portfolio Managers involved in sourcing and evaluating ideas from proprietary research, sell-side analysts, industry experts, company contacts, buy-side peers, news media, and other sources. Halcyon takes an opportunistic and value-oriented approach to each new investment, applying its investment guidelines and portfolio construction techniques to size the purchase appropriately.

We use detailed fundamental analysis (often including company management meetings) to determine catalyst impact, to determine earnings and cash flow models, and to assess management’s ability to execute our business strategy. Using a range of appropriate valuation metrics, Halcyon sets price targets to be attained, generally within a one-year time frame, based on relevant valuation measurements and projections. We also use technical analysis to optimize entry and exit levels, as well as for trading around trend lines and to balance exposure.

- B. Halcyon’s dedication to the rigorous management of risk within and across subsets of its portfolios is designed to identify and appropriately address the sorts of risk inherent in the types of transactions in which we participate. However, despite our risk management process, investing in any securities or other assets involves a risk of loss that any of our clients and any of the investors in our clients must be prepared to bear.

Examples of potential areas of risk associated with the investment strategy in which we engage and Halcyon Fund structure are:

High Turnover. Halcyon trading activities may be made on the basis of short-term market considerations. The portfolio turnover rate may be significant, potentially involving substantial brokerage commissions, related transaction fees and expenses and financing charges.

Equity Securities Generally. We expect to engage in trading equity securities. Market prices of equity securities generally, and of certain companies' equity securities more particularly, frequently are subject to greater volatility than prices of fixed-income securities. Market prices of equity securities as a group have dropped dramatically in a short period of time on several occasions in the past, and they may do so again in the future. In addition, actual and perceived accounting irregularities may cause dramatic price declines in the equity securities of companies reporting such irregularities or which are the subject of rumors of accounting irregularities.

Non-Controlling Investments. We will typically make non-controlling investments and, therefore, may have a limited ability to protect its investments and may be adversely affected by actions taken by the majority equity holders of the portfolio companies in which it invests.

Purchasing Securities of Initial Public Offerings. We may purchase securities of companies in initial public offerings or shortly thereafter. Special risks associated with these securities may include a limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the company and limited operating history. These factors may contribute to substantial price volatility for the shares of these companies. The limited number of shares available for trading in some initial public offerings may make it more difficult for Halcyon to buy or sell significant amounts of shares without an unfavorable impact on prevailing market prices. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them.

Small and Medium Capitalization Companies. We expect to invest a portion of our clients' assets in the securities of companies with small to medium-sized market capitalizations. While Halcyon believes such securities often provide significant potential for appreciation, the securities of certain companies, particularly smaller-capitalization companies, involve higher risks in some respects than do investments in securities of larger companies. For example, prices of small-capitalization and even medium-capitalization securities are often more volatile than prices of large-capitalization securities and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, "blue-chip" companies. In addition, due to thin trading in the securities of some small-capitalization companies, an investment in those companies may be illiquid.

Investments in Unregistered Securities. Our clients may invest in unregistered securities, including investments in new and early stage companies or companies undergoing operational or financial restructuring, which may involve a high degree of business and financial risk that can result in substantial losses. Because of the possible absence of a liquid trading market for these investments, it may take longer to liquidate, or it may not be possible to liquidate, these positions than would be the case for publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realized on these sales could be substantially less than those originally paid by

our clients. Further, companies whose securities are not publicly traded will generally not be subject to public disclosure and other investor protection requirements applicable to publicly traded securities.

Short sales. Our strategy calls for short sales not only for hedging purposes but also occasionally to exploit situations in which Halcyon believes an investment has been overvalued by market participants. If our assessment of these situations is incorrect, there is risk that Halcyon could incur a potentially unlimited amount of loss from the short sale.

Valuation. Investors in the Halcyon Fund purchase and redeem interests based on a determination of the fair value of the assets and liabilities of the fund. In addition, our management fees and incentive allocations are determined by reference to these valuations. To the extent market quotations are unavailable or Halcyon determines that such quotations inadequately represent the fair value of the assets, Halcyon may value such positions in good (subject to periodic review of certain positions by an independent investment bank). Investors may be adversely affected in connection with subscriptions or redemptions to the extent the values so determined are incorrect. Investors are also subject to a conflict of interest with respect to Halcyon to inflate the determination of fair value because Halcyon is entitled to compensation based on the assets under management, as well as on the unrealized gains and losses.

Competition. The success of investments typically depends on our ability to identify or exploit opportunities more efficiently than other market participants. The ability to do so may be adversely affected as a result of the highly competitive nature of the asset management industry.

Leverage. Halcyon generally has the discretion to use borrowing and other forms of leverage in our strategies. While the use of leverage can amplify the profit on successful investments, it can also amplify the losses incurred on unsuccessful investments.

Fund structure: limited liquidity and transparency. An investor's investment in any fund that Halcyon manages is subject to the structure and terms of the fund. These include rights to liquidity and transparency that are more restricted than would be the case for a separate managed account held by a custodian in the investor's name or for the personal account of the investor in its own name.

Conflicts of interest. As described elsewhere in this brochure, Halcyon is subject to various conflicts of interest as a result of our management of multiple accounts, the nature of our compensation arrangements, our relationship with the Halcyon Group and other accounts managed by it, and the use of our fund structure. The existence of these conflicts of interest may influence the independence of Halcyon's judgment. This brochure contains information about how Halcyon manages these conflicts.

The Private Placement Memorandum for the Halcyon Fund and the summary of risk factors that we provided to our non-discretionary client contain a discussion of various

risk considerations that is more extensive in scope and depth than the foregoing summary.

6. Disciplinary Information

There have been no legal or disciplinary events involving Halcyon or any of our Managing Principals or executive officers that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

7. Other Financial Industry Activities and Affiliates

Relationships with the Halcyon Funds

Halcyon manages the Halcyon Fund and sub-advises Halcyon Long/Short Master LP.

Halcyon Agilis Fund GP LLC, which is under common ownership and control with Halcyon, acts as the general partner of each of Halcyon Agilis Master Fund LP (and its domestic "feeder" fund). None of the compensation, liquidity, or other terms of the Halcyon Fund is negotiated at arm's length. However, Halcyon discloses to prospective investors the terms of all of its general fees and performance-based compensation, as well as the other terms of an investment, in detail in the Private Placement Memorandum (or an equivalent disclosure documents) and/or the limited partnership agreement relating to the Halcyon Fund.

The Halcyon Fund and Halcyon Long/Short Master LP invest on a parallel basis. The potential to earn performance-based compensation with respect to the Halcyon Fund could provide an incentive to invest its assets in an aggressive or speculative manner. Halcyon seeks to minimize this potential conflict by taking a disciplined approach to portfolio risk management. There is a potential conflict of interest relating to the allocation of investment opportunities among our client accounts, including an incentive to favor the Halcyon Fund which is subject to performance compensation payable to Halcyon. See Section 3 for a description of the allocation requirement between the Halcyon Fund and Halcyon Long/Short Master LP. Despite the presence of these conflicts of interest, Halcyon seeks to act fairly when allocating investment opportunities and valuing client assets. Halcyon has adopted written policies and procedures that are designed to ensure fair allocations over time and consistent valuation methodologies. In particular, our policy prevents us from taking into account fee or other compensatory differences in allocating an investment opportunity. There is also a potential conflict of interest in light of Halcyon's ability to value certain positions, see Section 5.B. Valuations.

The investment activities of one or more advisory clients of the Halcyon Group may result in the imposition of restrictions on the flexibility of other client accounts. For example, if the Halcyon Group obtains material non-public information concerning a company on behalf of an advisory clients in connection with a privately negotiated transaction, other advisory clients may be unable to trade in securities of the same company in the public markets. In addition, such accounts may compete with the Halcyon Fund for investment opportunities or otherwise pursue different interests within

the same portfolio companies, including investing in securities of the same companies with different seniority, participating in litigation or pursuing activist tactics.

Halcyon does not plan to engage in cross trades among accounts managed by it or by the Halcyon Group. However, to the extent Halcyon determines to engage in any such transaction, it will do so only upon determination that such transaction is in the best interests of each of its participating client accounts. Where required by applicable law or in other appropriate circumstances as determined by Halcyon, we will seek client consent to engage in transactions in which participating accounts may have divergent interests. See also Section 9: Trade Aggregation and Allocation

Affiliated Investment Advisers

Halcyon is affiliated with the following management companies, which are Halcyon's related persons: Halcyon Asset Management LLC, Halcyon Offshore Asset Management LLC, Halcyon Loan Investors LP, Halcyon Management Acquisition Company LLC, Halcyon Structured Asset Management LP and Halcyon Asset-Backed Advisors LP. Each of these entities is separately registered with the Securities and Exchange Commission as an investment adviser, and information concerning each such entity and its relying advisers (if any) is included in its own Form ADV Part 1 and Part 2 on file with the Securities and Exchange Commission. Our investment professionals participate in managing the portfolios of more than one advisory client. As a result, they do not devote their exclusive attention to any single advisory client.

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

- A. Halcyon has adopted a Code of Ethics in accordance with legal requirements. The Code of Ethics is designed to ensure that the interests of Halcyon (including personal securities transactions) and its affiliated management companies' members, partners, officers and other employees (and members of their families) do not conflict with the interests (including transactions) of our clients. The Code of Ethics is based on the principle that Halcyon and its employees owe a fiduciary duty to its clients and the individual investors of such clients. Thus, Halcyon employees must, among other things, (i) place the interests of our clients and their investors first, (ii) avoid taking inappropriate advantage of their positions within Halcyon, and (iii) conduct their personal securities transactions in full compliance with the Code of Ethics. Policies adopted by Halcyon with which all partners and employees (and members of their families) must comply include, but are not limited to, preapproval of personal securities transactions by the Chief Compliance Officer or her designee, annual certification of compliance with the Code of Ethics and directing brokers to supply Halcyon with duplicate confirmations and periodic statements of personal transactions. Halcyon provides a copy of its Code of Ethics to any client or any investor that requests one.
- B. Employees of Halcyon do not recommend to advisory clients, nor do they buy or sell for such clients, securities or other instruments in which they have a material financial interest. Halcyon's related persons invest personally in Halcyon's client funds. These

investments could theoretically pose a conflict of interest with our other advisory clients because officers and employees may be motivated to allocate time, attention, and/or investment opportunities to the funds in which they invest at the expense of other clients. Halcyon has adopted written policies and procedures governing the allocation of investment opportunities and seeks to treat all advisory clients fairly.

- C. Halcyon has a comprehensive set of procedures in place to ensure that we address any potential conflicts that may arise between employees and clients when investing in the same securities or instruments. The Code of Ethics provides that all partners and employees (and certain related persons) are required to notify Halcyon of all relevant existing personal accounts. All partners and employees must obtain approval from the Chief Compliance Officer prior to the opening of a new personal account. Copies of confirmations of all personal transactions and any other information reflecting account or transactional activity involving personal accounts must be provided to Halcyon. No partner or employee of Halcyon may hold more than twenty positions in total in a personal account at any one time and no more than five investments in a personal account are allowed per month, subject to the maximum of twenty positions stated above. This limitation does not apply to certain exempt transactions, which do not pose a potential conflict of interest. The Chief Compliance Officer approves all relevant proposed personal transactions involving personal accounts prior to execution. The Chief Compliance Officer conducts a quarterly review of the personal accounts. These reviews examine all relevant trades executed during the previous quarter and quarter-end statements to determine whether all of these accounts are maintained in compliance with the personal trading requirements and restrictions described above. To the extent there is any finding relating to personal trading activity that is inconsistent with this policy, Halcyon will investigate and, as with any breach of the firm's policies, a violation is subject to disciplinary action including dismissal.
- D. The Code of Ethics generally provides that, subject to certain narrow exceptions, no employee may effect a transaction in a personal account on the day before, the same day, or the day after a day when Halcyon is purchasing and/or selling that same security or instrument on behalf of a Halcyon advisory client. This policy is aimed in part at addressing a potential conflict of interest created by the personal transactions of principals and employees.

9. Brokerage Practices

In selecting broker-dealers and determining the reasonableness of their commissions for our clients' transactions, Halcyon takes into account a number of factors, including the following: ability to secure future opportunities to obtain securities or assets; quality and reliability of brokerage services; commissions or other fees for executing the orders; price; the broker's or dealer's facilities; financial responsibility; the ability of the broker or dealer to effect transactions, particularly with regard to aspects such as timing, order size and execution of orders; and the research and other investment-related services provided by the broker or dealer to Halcyon to enhance its general portfolio management capabilities (notwithstanding the fact that specific clients may not be direct or exclusive beneficiaries of these services). Halcyon may execute trades for advisory clients with

broker-dealers with which Halcyon has other business relationships, including prime brokerage, credit relationships and capital introduction or investments by affiliates of the broker-dealers in advisory client entities. We do not take client referrals into account in selecting broker-dealers.

Halcyon does not utilize “soft dollar” commissions to purchase third-party research and other services. We do, however, consider a broker-dealer’s proprietary research in selecting broker-dealers and determining the commission rates. Accordingly, Halcyon may cause a client to pay a commission for effecting a transaction for the advisory client in excess of the amount another broker or dealer would have charged for effecting that transaction, where it determines in good faith that this commission is reasonable in relation to the value of the brokerage and/or research services the broker or dealer provides to Halcyon. Halcyon does not put a specific dollar value on the research or brokerage services of any broker or dealer or allocate the relative costs or benefits of research, because Halcyon believes that the research received is, in the aggregate, of assistance in fulfilling Halcyon’s overall responsibilities to its advisory clients.

Halcyon’s Broker Review Committee meets quarterly to ensure that Halcyon’s obligation to seek best execution in its trading activities for the benefit of all advisory clients is being met. The Broker Review Committee, the members of which include various executive officers, partners and others, reviews internally generated records and externally prepared reports bearing on the selection of broker-dealers, and such documents include: the approved list of executing brokers and Best Execution worksheets completed by traders; Commission Reports; the Gift and Entertainment Log; and the results of the survey analyzing Halcyon’s choice of, and payments to, broker-dealers. The research services that broker-dealers might provide include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services; discussions with research personnel; and invitations to attend conferences or meetings with management or industry consultants. In many cases, research services that are generated by third parties may be provided by or through the brokerage firm to which commissions are paid. Using client transactions to obtain research and other benefits creates incentives that theoretically could result in conflicts of interest between advisers and their clients. When Halcyon uses client markups or markdowns to obtain research products and services, it receives a benefit because it does not have to produce or pay for the research products and services. The availability of these benefits creates the potential that we might be influenced to select one broker-dealer rather than another to perform services for clients, based on our interest in receiving the products and services instead of on our clients’ interest in receiving the best execution prices. Obtaining these benefits may cause our clients to pay higher fees than those charged by other broker-dealers. Halcyon does not recommend, request, require, or permit that a client direct us to execute transactions through a specified broker-dealer.

Trade Aggregation and Allocation

Where appropriate, transactions for our advisory clients (including both discretionary and non-discretionary clients) may be aggregated for execution purposes. This aggregation

does not affect execution prices on such transactions. In addition, Halcyon's advisory client accounts may be included in the aggregated orders with clients of the Halcyon Group.

Halcyon currently has one discretionary client account and one non-discretionary client account. The investment opportunities will be allocated among these accounts on a pro rata basis subject to available capital and acceptance of each investment recommendation by our non-discretionary account's investment manager.

10. Review of Accounts

- A. Halcyon has a Risk Management Committee that reviews the advisory clients' portfolios. The Risk Management Committee consists of the Portfolio Managers and certain other senior members of the Halcyon Group. The Risk Management Committee generally meets to review and recommend policy strategies that are consistent with the advisory clients' investment objectives and policies. The members of the Risk Management Committee consider macro-level economic and market trends and assess the advisory client portfolios, seeking to manage risk in a manner consistent with each client's operating agreements. The committee reviews and adjusts limits to position size, industry exposure, capital structure, and other risk/reward metrics. The committee considers the strategy mix and the biggest risks among the holdings, taking into account macro-economic conditions, the regulatory framework, the political climate, and the potential for decline within companies and/or specific industries. The Portfolio Managers review our advisory clients' portfolios on a regular basis and make day-to-day recommendations on behalf of each portfolio.

Halcyon actively manages counterparty, technology, and operational risk through the Halcyon Group's Pricing Review Committee, Broker Review Committee and IT Committee, respectively.

- B. The administrator to the Halcyon Fund provides monthly statements for all investors in these funds, showing gains/losses for the month and year-to-date. Halcyon prepares a monthly report for investors in the Halcyon Fund containing portfolio information and estimated performance results for the month and year to date. At the conclusion of each calendar quarter, Halcyon prepares a report for the Halcyon Fund and investors which discusses the fund's portfolio and performance for the quarter and year to date. On an annual basis independent certified public accountants audit the financial statements of the Halcyon Fund. Halcyon prepares an annual report including, among other things, the balance sheet for the Halcyon Fund, a statement showing the net gains or net losses of the client, the closing capital account (or net asset value of interests) of every investor in the Halcyon Fund (and the manner of the calculation thereof), and the opening capital account (or the net asset value of interests as of the beginning of the year) and ownership percentage of every investor in the Halcyon Fund.

We provide to our sub-advisory client such information as may be required by it.

11. Client Referrals and Other Compensation

- A. Halcyon does not, nor do any principals or employees of Halcyon, receive any economic benefit from non-clients for providing advisory services to our clients.
- B. Halcyon may enter into arrangements with third party placement agents, each of which is a registered broker-dealer, unless marketing is done outside of the United States by a non-United States person. Halcyon will ultimately bear any placement agent fees unless a client or an investor specifically agrees to bear a placement agent fee. When soliciting clients, the placement agent will advise the prospective clients of the arrangement between Halcyon and the agent and of any fees associated with the arrangement as required pursuant to applicable regulations.

12. Custody

Due to Halcyon's access to advisory client fund assets and securities as general partner or manager of the client accounts and our or affiliate's authority to deduct fees and other expenses from client accounts, we are deemed to have constructive custody of certain clients' funds and securities within the meaning of Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended. Halcyon utilizes the services of unrelated financial institutions or other qualified custodians (as defined in Rule 206(4)-2) to hold all funds and securities of each of its client funds. We also ensure that the qualified custodian maintains these funds in accounts that contain only the relevant fund's assets and securities, under our name as agent or trustee for the Halcyon Fund. We also comply with the requirements of Rule 206(4)-2 with respect to the annual audit of customer accounts (performed in accordance with generally accepted accounting principles by an independent auditor), and the distribution of audited financial statements to investors in the client funds within 120 days of the end of the clients' fiscal year for limited partnerships and offshore companies.

13. Investment Discretion

Scope of Authority

Halcyon accepts discretionary authority to manage the Halcyon Fund's assets. We have the authority to determine, without obtaining specific client consent, which securities to buy or sell, the amount of securities to buy or sell, the broker through which we effect trades, and the commission rates at which we effect trades. Despite this broad authority, Halcyon is committed to adhering to the investment strategy and program set forth in the Halcyon Fund's Private Placement Memorandum and/or its operating agreement. Halcyon has processes and procedures in place to verify that it is complying with any client-imposed restrictions and adhering to each client's investment strategy and objectives. In particular, as discussed in more detail in Section 10, our Risk Management Committee reviews client accounts regularly to ensure that we are observing our clients' investment strategies and objectives.

With respect to Halcyon Long/Short Master LP, we provide ongoing investment recommendation and advice, and we have authority to execute transactions subject to prior notification to and consent by the client's investment manager.

Procedures for Assuming Authority

Before accepting their subscriptions for interests, we provide all investors in the Halcyon Fund with a Private Placement Memorandum (or equivalent disclosure) and/or governing documents that set forth, in detail, our investment strategy and program and the terms of investment for investors, including the scope of our investment authority. By completing the subscription documents to acquire an interest in the Halcyon Fund, each investor consents to the terms and conditions in the operating agreements that give Halcyon complete authority to manage our clients' investments in accordance with the Private Placement Memorandum and the operating agreements.

14. Voting Client Securities

Proxy Voting Policy

Halcyon's policy is to review each proxy or information statement on an individual basis and to base its voting or consent decision on its judgment about what will best serve the interests of its advisory clients.

Halcyon's Operations Manager or his designee notifies relevant Research Analysts of pending corporate actions involving the advisory client portfolios. The Research Analyst assigned to the transaction or security consults with a member of the Investment Committee who is responsible for the ultimate determination regarding the proper vote or consent. The Research Analyst then communicates the decision by the Investment Committee to the Operations Manager, typically prior to the close of business on the day prior to the vote deadline. The Operations Manager utilizes the website www.proxyvote.com to transmit the proxy vote or consent, and receives confirmation of the vote or consent from the website. Upon receipt of said confirmation, the Operations Manager forwards the confirmation to the Chief Compliance Officer or her designee. The Chief Compliance Officer or her designee retains this information for five years from the date such proxy vote or consent is executed.

If, in reviewing the corporate action, the Investment Committee determines that a material conflict may exist between the management companies' interests and those of the advisory clients and the Investment Committee shall inform the Conflicts Committee of such material conflict. The Conflicts Committee evaluates the potential or actual conflict and may, in its discretion, elevate the matter to the Management Committees for further review. Accordingly, either the Conflicts Committee or the Management Committees determines the appropriate course of action to resolve the conflict in the interests of the advisory clients.

Additionally, in certain circumstances, Managing Principals may determine that it is in the best interests of the management companies' advisory clients not to vote or consent or that a vote or consent is not required, for example, where the clients' holdings are

relatively small, when the proxy vote covers only routine corporate business, or where the advisory clients' positions were liquidated between the record date and the vote deadline.

Recordkeeping

Halcyon maintains the following records relating to proxy voting: copies of our proxy voting policies and procedures and any amendments; proxy statements received for client securities; records of proxy votes cast on behalf of our clients; records of written requests from clients and investors in the Halcyon Funds for proxy voting information and our written responses to any written or oral requests; and any documents that our employees prepared that were material to deciding how to vote proxies or that memorialize the basis for a proxy vote. Upon request, any of our clients or any of the investors in our clients can obtain (1) a copy of our proxy voting policies and procedures and (2) information concerning proxy votes on its behalf.

15. Financial Information

Halcyon does not require nor do we solicit prepayment of more than \$1,200 in fees from clients, six months or more in advance. Halcyon is not aware of any financial condition that is likely to impair our ability to meet our contractual commitments to our clients. Halcyon has never been the subject of a bankruptcy petition.