

Emrys Partners, L.P.

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Part 2A of Form ADV: Firm Brochure
March 30, 2012

This brochure provides information about the qualifications and business practices of Emrys Partners, L.P. You should review this brochure in conjunction with the brochure supplement for certain employees who advise your account for more information on the qualifications of Emrys Partners, L.P. and its employees. Information herein is provided in response to instructions and guidance issued in connection with Form ADV Part 2A. You should refer to those materials, including defined terms used therein, in reviewing this brochure. If you have any questions about the contents of this brochure, please contact us at 212-519-1000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Emrys Partners, L.P. also is available on the SEC’s website at www.adviserinfo.sec.gov.

Registration as a registered investment adviser pursuant to the Investment Advisers Act of 1940, as amended, does not imply a certain level of skill or training.

ITEM 2. MATERIAL CHANGES

There have been no material changes to Emrys Partners, L.P.'s advisory services since its initial brochure was filed on January 19, 2012.

ITEM 3. TABLE OF CONTENTS

ITEM 1. COVER PAGE.....	1
ITEM 2. MATERIAL CHANGES	2
ITEM 3. TABLE OF CONTENTS	3
ITEM 4. ADVISORY BUSINESS	4
ITEM 5. FEES AND COMPENSATION	4
ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT	5
ITEM 7. TYPES OF CLIENTS	6
ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	6
ITEM 9. DISCIPLINARY INFORMATION	17
ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	17
ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	18
ITEM 12. BROKERAGE PRACTICES.....	20
ITEM 13. REVIEW OF ACCOUNTS.....	22
ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION.....	22
ITEM 15. CUSTODY	22
ITEM 16. INVESTMENT DISCRETION	22
ITEM 17. VOTING CLIENT SECURITIES.....	22
ITEM 18. FINANCIAL INFORMATION	23
ITEM 19. REQUIREMENTS FOR STATE-REGISTERED ADVISERS.....	23

ITEM 4. ADVISORY BUSINESS

The Adviser

Emrys Partners, L.P. (the “Adviser”) is an investment adviser organized as a Delaware limited partnership on August 16, 2011. The Adviser’s sole owner is Steven Eisman (the “Principal”).

Advisory Services

The Adviser provides investment advisory services to pooled investment vehicles that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”), and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”) (each, a “Fund” and collectively, the “Funds”). As the investment adviser of the Funds, the Adviser’s services consist of identifying opportunities for acquisition, management, monitoring, and disposition of investments of the Funds. Investment advice is provided directly to the Funds, subject to the discretion and control of the general partner or the board of directors of the applicable Fund, and not individually to the limited partners or shareholders of the Funds.

The Adviser’s current Funds are organized in a “master-feeder” structure. Emrys Onshore Fund, L.P. (the “Onshore Fund”) and Emrys Offshore Fund Ltd. (the “Offshore Fund”) are feeder funds that achieve their objective by investing substantially all of their assets in Emrys Master Fund, L.P. (the “Master Fund”).

The Funds have one main strategy: to generate high risk-adjusted absolute returns with low correlation to the broad equity and fixed income markets.

The Adviser may in the future organize other investment funds, including feeder funds for the Funds or parallel funds for employees of the Adviser, or manage investment funds or separately managed accounts that may either co-invest with the Funds or follow an investment program similar to or different from the Funds’ program (together with the Funds, the “Related Funds”). The Adviser may also establish special purpose vehicles or subsidiaries and it or the Funds may invest in or act through such special purpose vehicles or subsidiaries.

Services are provided to the Funds in accordance with the investment management agreements of the Funds and/or organizational documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the organizational or offering documents of the applicable Fund.

The Adviser does not participate in wrap fee programs.

Assets Under Management

The Adviser is newly formed. As of March 1, 2012, the Adviser managed \$22,860,000.00 on a discretionary basis and \$0 on a non-discretionary basis.

ITEM 5. FEES AND COMPENSATION

As provided under the governing documents and investment management agreements of the Funds, the Adviser or its affiliates will receive from the Funds both a quarterly management fee (the “Management Fee”) at a fixed rate and an annual performance allocation based upon the performance of the Funds. The Management Fee and performance allocation may be charged at varying rates, depending on whether investors in the Funds meet certain qualification criteria, such as contributing capital by a certain date or in a certain minimum amount. The Management Fee shall be deducted directly or indirectly from

investors' capital accounts in the Funds. The Adviser may from time to time enter into letter agreements or other similar agreements (collectively, "Side Letters") with one or more investors which provide such investors with additional and/or different rights (including, without limitation, with respect to management fees) than provided in the governing documents of the Funds. The Adviser may, in its sole discretion, reduce or waive the Management Fee with respect to any investor. The Adviser generally intends to waive the Management Fee for investments by employees of the Adviser, the general partner of a Fund, the Adviser, the Principal, or their related persons, including estate planning vehicles of such persons and certain other persons or entities associated with such persons ("Related Persons"). Generally, the Funds pay the Management Fee in advance. If the investment management agreement is terminated before the end of the billing period, the Adviser refunds a pro rata portion of the pre-paid fee to the Funds' accounts.

Other Expenses

The Adviser is authorized to incur and pay in the name and on behalf of the Funds expenses which it deems necessary or advisable, and as further set forth in the offering and organizational documents of the Funds. The Adviser will be responsible for and shall pay, or cause to be paid, all Overhead Expenses, except as described below. For this purpose, "Overhead Expenses" for a fiscal year generally includes overhead expenses of an ordinarily recurring nature such as rent, utilities, supplies, secretarial expenses, stationery, charges for furniture, fixtures and equipment, employee benefits including insurance, payroll and other taxes and compensation (and related costs) of all personnel. Generally, the Funds will bear all other expenses, which include the following expenses incurred by or allocable to the Funds: directors' fees and expenses; legal, accounting, bookkeeping, tax compliance, auditing, consulting and other professional expenses, including those of valuation firms; administration fees and other expenses charged by or relating to the services of third-party providers of administration services; fees payable to sub-advisors (if the Adviser determines that such an arrangement represents the best way to access a particular investment opportunity or a difficult to access market or otherwise makes available specialized investment expertise to the Funds); third-party and out-of-pocket research and market data expenses; interest and fees (including commitment, structuring and underwriting fees) on margin loans, committed loan facilities, total return swaps and other indebtedness; bank service, custodial and similar fees; fees and expenses (including travel expenses) related to the analysis, purchase or sale of investments, whether or not the investments are consummated; expenses related to the purchase, monitoring, sale, settlement, custody or transfer of Fund assets (directly or through trading affiliates); expenses associated with activist investment activities (including public relations, tender offer and proxy solicitation expenses); third party and out-of-pocket fees and expenses relating to systems and software used in connection with the operation of the Funds and investment related activities (including any accounting, risk management, trading and administrator-like functions, and adviser and fund compliance that the Adviser performs in-house); entity-level taxes; fees and expenses relating to the offer and sale of interests (including organizational fees and expenses and filing and legal fees); registration, annual and other similar fees payable by the Funds; and other ordinary and extraordinary expenses associated with the operation of the Funds and their investment activities.

Please refer to the discussion of Adviser's brokerage practices in Item 12 below.

The Adviser and its supervised persons do not accept compensation or commissions for the sale of securities or other investment products.

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

In addition to the Management Fee described above in Item 5, Emrys Fund GP LLC, a Delaware limited liability company (the "General Partner") and an affiliate of the Adviser, is entitled to a performance-

based allocation (the “Performance Allocation”) based on the net appreciation of the Funds in a fiscal year, subject to certain loss recovery provisions set forth in the Fund organizational documents.

The General Partner may, in its sole discretion, reduce or waive the Performance Allocation with respect to any investor in a Fund. The General Partner generally intends to waive the Performance Allocation for Related Persons.

The direct or indirect payment by some, but not all, investors of Performance Allocations or the payment of Performance Allocations at varying rates may create an incentive for the Adviser to disproportionately allocate investment opportunities. Generally, and except as may be otherwise set forth in the organizational documents of the Funds, this conflict is mitigated by policies and procedures of the Adviser, including that the Adviser currently manages one trading account for the Master Fund and that investors in the Funds generally participate in net profits and losses based on their capital account balances, except for certain particular situations where profits and losses are specially allocated, for example, for new issues allocated in accordance with Financial Industry Regulatory Authority, Inc. rules. Please also see Item 12 below regarding trade aggregation, as well as Item 11 below for additional information relating to how conflicts of interest are generally addressed by the Adviser.

ITEM 7. TYPES OF CLIENTS

The Adviser currently provides investment advisory services to the Funds. Investment advice is provided directly to the Funds, subject to the discretion and control of the general partner or the board of directors of the applicable Fund and not individually to the investors in the Funds.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the 1940 Act and the Securities Act. Investors in the Funds may include high net worth individuals, trusts, estates, charitable organizations, pension plans, corporations, limited partnerships, limited liability companies, and similar entities.

The minimum initial investment in each Fund is \$5,000,000 for institutions and \$1,000,000 for individuals. The Offshore Fund may waive this minimum (subject to requirements of Cayman Islands law) and the General Partner may waive this minimum in its sole discretion with respect to the Onshore Fund. The Adviser does not have a minimum size for a Fund.

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Investment Objective

The Funds are alternative investment funds that will take long and short positions primarily in equity, equity-related securities and fixed income products and securities, predominantly in the developed world. In addition, the Funds will be authorized to utilize a broad range of securities, securities derivatives and investment techniques. The principal investment objective of the Funds is to generate high risk-adjusted absolute returns with low correlation to the broad equity and fixed income markets. There can be no assurance that the Funds’ investment objective will be achieved.

Investment Philosophy

The Adviser believes that making investment decisions by looking solely at the fundamentals of individual companies is no longer a viable investment philosophy. While individual company analysis will always be important, the health, or the change in the health, of the financial system is the starting point of all analysis, and only when the status of financial plumbing is well understood can the analysis of individual companies and their capital structure begin.

Risk Management

The Adviser seeks to provide attractive investment returns, within acceptable volatility parameters. In order to achieve this goal, the Adviser monitors and manages the Funds' exposure to several traditional risk factors related to security price movements. They include sub-sector concentration, size, value, volatility, leverage, yield, liquidity, momentum and economic factors. At the close of each trading day, an updated portfolio is uploaded into a risk template that quantifies the Funds' exposure to these risk factors. Risk exposures are evaluated relative to the industry sub-sectors and broader stock and bond market indices.

The Adviser may take systematic exposures to a particular sub-sector when it identifies an abundance of such opportunities through the fundamental or comparative investment process. Occasionally, the implementation of such ideas may result in exposure to one or more factors that cannot be hedged effectively. When this situation occurs, the Adviser will take on the exposure only after a risk/reward assessment has indicated that the exposure is favorable. The Adviser will review the portfolio weekly to validate the investment rationale for each position.

Risks

Investing in securities involves a substantial degree of risk of loss. The Funds may lose all or a substantial portion of their investments. Investors in the Funds must be prepared to bear the risk of a complete loss of their investments.

In addition, material risks relating to the investment strategies and methods of analysis described above, and to the types of securities typically purchased by or for the Funds, include the following:

Equity Risk. The market price of securities owned by the Funds may go up or down, sometimes rapidly or unpredictably. A risk of investing in the Funds is that the equity securities in the Funds' portfolio will decline in value due to factors affecting equity securities markets generally or particular industries represented in those markets. The values of equity securities may decline due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors which affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Other risks of investing globally in equity securities may include changes in currency exchange rates, exchange control regulations, expropriation of assets or nationalization, imposition of withholding taxes, and difficulty in obtaining and enforcing judgments against non-U.S. entities. In addition, securities which the Adviser believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the time frame the Adviser anticipates. As a result, the Funds may lose all or substantially all of their investment in any particular instance.

Fixed-Income Securities. The Funds expect to invest in bonds or other fixed-income securities, including, without limitation, commercial paper and "higher yielding" (and, therefore, higher risk) debt securities. Such securities may be below "investment grade" and may face ongoing uncertainties and exposure to adverse business, financial or economic conditions that could lead to the issuer's inability to make timely interest and principal payments. The market values of certain of these lower rated debt securities tend to reflect individual corporate developments to a greater extent than do higher rated securities, which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher rated securities. Companies that issue lower rated debt securities often are highly leveraged and may not have access to more traditional methods of financing. Trading in such securities may be limited or disrupted by an economic recession, resulting in an adverse impact on the

value of such securities. In addition, it is likely that any such economic downturn could affect adversely the ability of the issuers of such securities to repay principal and pay interest thereon and, therefore, increase the incidence of default for such securities.

Corporate Debt. The Funds may invest in corporate debt. Corporate debt securities are subject to the risk of the issuer's inability to meet principal and interest payments on the obligation and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity. When interest rates rise, the value of corporate debt securities can be expected to decline. Debt securities with longer maturities tend to be more sensitive to interest rate movements than those with shorter maturities.

High Yield Securities. The Funds may make investments in "high yield" debt and preferred securities which are rated lower than investment grade by the various credit rating agencies (or in comparable non-rated securities). Securities that are rated lower than investment grade 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 of general economic conditions. Because investors generally perceive that there are greater risks associated with lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those for 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.

Securities that are rated BB+ or lower by Standard & Poor's Ratings Group ("S&P") or Bal or lower by Moody's Investors Service ("Moody's") are often referred to in the financial press as "junk bonds" and may include securities of issuers in default. "Junk bonds" are considered by the rating agencies to be predominately speculative and may involve major risk exposures such as: (i) vulnerability to economic downturns and changes in interest rates; (ii) sensitivity to adverse economic changes and corporate developments; (iii) redemption or call provisions which may be exercised at inopportune times; and (iv) difficulty in accurately valuing or disposing of such securities.

Original Issue Discount, Zero Coupon and Deferred Interest Rate Bonds. The Funds may invest in original issue discount, zero coupon bonds and deferred interest bonds, which are debt obligations issued at a significant discount from face value. The original discount approximates the total amount of interest the bonds will accrue and compound over the period until maturity or the first interest accrual date at a rate of interest reflecting the market rate of the security at the time of issuance. While zero coupon bonds do not require the periodic payment of interest, deferred interest bonds generally provide for a period of delay before the regular payment of interest begins. Such investments experience greater volatility in market value due to changes in interest rates than debt obligations that provide for regular payments of interest.

Convertible Securities. The Funds may invest in convertible securities, which are debt securities or preferred equity securities that are exchangeable for other debt or equity securities of the issuer at a predetermined price. Convertible securities entitle the holder to receive interest payments paid on corporate debt securities or the dividend preference on preferred equity securities until such time as the convertible security matures or is redeemed or until the holder elects to exercise the conversion privilege. As a result of the conversion feature, convertible securities typically offer lower interest rates than if the securities were not convertible. It is possible that the potential for appreciation on convertible securities may be less than that of a common stock equivalent.

Convertible securities may or may not be rated within the four highest categories by S&P and Moody's and, if not so rated, would not be investment grade. To the extent that convertible securities are rated lower than investment grade or not rated, there would be greater risk as to timely repayment of the principal of, and timely payment of interest or dividends on, those securities.

Also, in the absence of adequate anti-dilution provisions in a convertible security, dilution in the value of the Funds' holdings may occur in the event the underlying stock is subdivided, additional securities are issued, a stock dividend is declared or the issuer enters into another type of corporate transaction which increases its outstanding securities.

Distressed Securities. The Funds expect to invest in the securities and obligations of distressed and bankrupt issuers, including debt obligations that are in covenant or payment default. Such investments generally are considered speculative. The repayment of defaulted obligations is subject to significant uncertainties. Defaulted obligations might be repaid, if at all, only after lengthy workout or bankruptcy proceedings, during which the issuer might not make any interest or other payments and the amount of any recovery may be affected by the relative security of the Funds' investment in the capital structure of the issuer. In addition, distressed investments are more likely to be challenged as fraudulent conveyances and amounts paid on the investment may be subject to avoidance as a preference under certain circumstances.

Credit Market Illiquidity. Credit markets experienced an extended period of significant lack of liquidity beginning in 2007 and may experience such periods of significant lack of liquidity in the future. While this lack of liquidity may create opportunities for the Funds to acquire assets at prices that the Adviser believes are attractive, this lack of liquidity creates a number of risks. There can be no assurance that the market will, in the future, become more liquid and it may well continue to be volatile for the foreseeable future. It is also possible that illiquidity in the market could cause prices to decline further, which may force the Funds, to the extent they are leveraged, or other leveraged investment vehicles to sell assets to satisfy requirements under their borrowing arrangements or to meet margin calls, which could, in turn, create further downward price pressure. If there is a substantial decline in the market value of the Funds' portfolio of investments, investments may need to be liquidated quickly, and may not be liquidated at what the Adviser perceives to be fair value. Upheavals in the credit markets may cause margin borrowing costs and securities borrowing costs to increase or to make such arrangements unavailable. Such increases in borrowing costs may impact the Funds' ability to utilize leverage and generate returns.

Short Sales. The Adviser will make short sales of investment securities on behalf of the Funds. In a short sale, the seller sells a security that it does not own, typically a security borrowed from a broker or dealer. Because the seller remains liable to return the underlying security that it borrowed from the broker or dealer, the seller must purchase the security prior to the date on which delivery to the broker or dealer is required. The making of short sales exposes the Funds to the risk of liability for the market value of the security that is sold, which is an unlimited risk due to the lack of an upper limit on the price to which a security may rise. In addition, there can be no assurance that securities necessary to cover a short position will be available for purchase or that securities will be available to be borrowed by the Funds at reasonable costs. If a request for return of borrowed securities occurs at a time when other short sellers of the security are receiving similar requests, a "short squeeze" can occur, and the Funds may be compelled to replace borrowed securities previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received in originally selling the securities short.

The SEC has in the past adopted interim rules requiring reporting of all short positions above a certain *de minimis* threshold and is expected to adopt rules requiring monthly public disclosure of short positions in the future. In addition, other non-U.S. jurisdictions where the Funds may trade have adopted reporting

requirements. If the Funds' short positions or their strategy become generally known, it could have a significant effect on the Adviser's ability to implement its investment strategy. In particular, it would make it more likely that other investors could cause a "short squeeze" in the securities held short by the Funds forcing the Funds to cover their positions at a loss. Such reporting requirements may also limit the Adviser's ability to access management and other personnel at certain companies where the Adviser seeks to take a short position. In addition, if other investors engage in copycat behavior by taking positions in the same issuers as the Funds, the cost of borrowing securities to sell short could increase drastically and the availability of such securities to the Funds could decrease drastically. Such events could make the Funds unable to execute their investment strategy. The SEC has adopted restrictions on the short sale of securities which fall more than 10 percent in a given day (referred to as the "circuit breaker" or "modified uptick rule"). It is unclear what effect these restrictions will have on the Funds, but the Adviser currently believes that it will be able to continue to carry out its investment strategy while complying with this rule. If the SEC were to adopt additional restrictions on short sales, such restrictions could restrict the Funds' ability to engage in short sales in certain circumstances, and the Funds may be unable to execute their investment strategy as a result.

The SEC and regulatory authorities in other jurisdictions may adopt (and in certain cases have adopted) bans on short sales of certain securities in response to market events. Bans on short selling may make it impossible for the Funds to execute certain investment strategies and may have a material adverse effect on the Funds' ability to achieve their investment objective and generate returns. In addition, engaging in short selling may increase the risk of the Funds becoming subject to government investigation. The Funds will attempt to take advantage of these changes but may not be successful in doing so.

Risks of Investing in the Financial Services Sector. The Funds may be sensitive to changes in, and the Funds' performance may depend to a greater extent on, the overall condition of the financial services sector given their investment strategy. Companies in the financial services sector may be subject to extensive government regulation that affects the scope of their activities, the prices they can charge and the amount of capital they must maintain. The profitability of companies in the financial services sector may be adversely affected by increases in interest rates. The profitability of companies in the financial services sector may be adversely affected by loan losses, which usually increase in economic downturns. In addition, the financial services sector is undergoing numerous changes, including continuing consolidations, development of new products and structures and changes to its regulatory framework. Furthermore, increased government involvement in the financial services sector, including measures such as taking ownership positions in financial institutions, could result in a dilution of the Funds' investments in financial institutions. On-going developments in the credit markets have caused companies operating in the financial services sector to incur large losses, experience declines in the value of their assets and even cease operations. The financial services sector is highly dependent on communications and information systems and is exposed to many types of operating risk, including the risk of fraud by employees or other parties, record keeping error, errors resulting from faulty computer or telecommunications systems, computer failures and damage to computer and telecommunications systems caused by internal or external events.

Availability of Investment Strategies. The success of the Funds' investment and trading activities will depend on the ability of the Adviser to identify overvalued and undervalued investment opportunities and to exploit price discrepancies in the U.S. equity markets, primarily in the financial services sector. Identification and exploitation of the investment strategies to be pursued by the Funds involves a high degree of uncertainty. No assurance can be given that the Adviser will be able to identify suitable investment opportunities in which to deploy all of the Funds' capital. A reduction in overall market volatility and liquidity, as well as other market factors, may reduce the pool of profitable investment strategies for the Funds.

Investment in Non-U.S. Securities. The Funds expect to invest in non-U.S. securities. Such investments may be subject to a greater risk than U.S. investments due to non-U.S. economic, political and legal developments, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of taxes on dividends, interest payments, or capital gains, the need for approval by government or other authorities to make investments, and possible difficulty in obtaining and enforcing judgments against non-U.S. entities and other factors beyond the control of the Adviser. Furthermore, issuers of non-U.S. securities are subject to different, often less comprehensive accounting, reporting or disclosure requirements than U.S. issuers. The securities markets of some countries in which the Funds may invest have substantially less volume than those in the United States, and securities of certain companies in these countries are less liquid and more volatile than securities of comparable U.S. companies. Accordingly, these markets may be subject to greater influence by adverse events generally affecting the market, and by large investors trading significant blocks of securities, than is usual in the United States. Brokerage commissions and other transaction costs on securities exchanges in non-U.S. countries are generally higher than in the United States. Non-U.S. securities settlements may in some instances be subject to delays and related administrative uncertainties. In some countries there are restrictions on investments or investors such that the only practicable way for the Funds to invest in such markets is by entering into swaps or other derivative transactions with their prime brokers or others. Such transactions involve counterparty risks which are not present in the case of direct investments and which may not be controllable by the Adviser.

Currency Risk. The investments of the Funds that are not denominated in the U.S. dollar are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. Officials in foreign countries may, from time to time, take actions in respect of their currencies that could significantly affect the value of the Funds' assets denominated in those currencies or the liquidity of such investments. For example, a foreign government may unilaterally devalue its currency against other currencies, which would typically have the effect of reducing the U.S. dollar value of investments denominated in that currency. A foreign government may also limit the convertibility or repatriation of its currency or assets denominated in that currency. The Funds may, but are not required to, invest in foreign currencies, foreign currency futures contracts and options thereon, forward foreign currency exchange contracts, or any combination thereof for hedging purposes, but there can be no assurance that such strategies will be implemented, or if implemented, will be effective.

Depository Receipts. The Funds may invest in American Depositary Receipts ("ADRs"), Global Depositary Receipts ("GDRs") and European Depositary Receipts ("EDRs") or other similar securities representing ownership of non-U.S. securities (collectively, "Depository Receipts") if issues of such Depository Receipts are available that are consistent with the Funds' investment objective. Depository Receipts generally evidence an ownership interest in a corresponding non-U.S. security on deposit with a financial institution. Transactions in Depository Receipts usually do not settle in the same currency as the underlying securities are denominated or traded. Generally, ADRs are designed for use in the U.S. securities markets and EDRs are designed for use in European securities markets. GDRs may be traded in any public or private securities markets and may represent securities held by institutions located anywhere in the world. GDRs and other types of Depository Receipts are typically issued by non-U.S. banks or trust companies, although they may be issued by U.S. financial institutions, and evidence ownership interests in a security or pool of securities issued by either a non-U.S. or a U.S. corporation.

Because the value of a Depository Receipt is dependent upon the market price of an underlying non-U.S. security, Depository Receipts are subject to most of the risks associated with investing in non-U.S. securities directly. Depository Receipts may be issued as sponsored or unsponsored programs. (See

“Investment in Non-U.S. Securities.”) Depositary Receipts may also be subject to liquidity risk. (See *“Liquidity Risk.”*)

Concentration of Investments. The Funds’ assets may not be diversified. Any such non-diversification would increase the risk of loss to the Funds if there was a decline in the market value of any security or sector in which the Funds had invested a large percentage of the Funds’ assets. Investment in a non-diversified fund will generally entail greater risks than investments in a diversified fund.

Lack of Liquidity in Markets. The markets for many securities and other investments are thinly traded from time to time. This lack of liquidity and market depth could disadvantage the Funds, both in the realization of the prices which are quoted and in the execution of orders at desired prices or in desired quantities. Also, U.S. and non-U.S. securities exchanges and the SEC and other regulatory authorities have authority to suspend trading in a particular security without notice.

Financial Market Fluctuations. General fluctuations in the market prices of securities may affect the value of the investments held by the Funds. Instability in the securities markets will also likely increase the risks inherent in the Funds’ investments. There is no guarantee that ordinary and prudent precautions for natural and other disasters will provide an effective connection between the Adviser and markets in the event of large-scale disruptions in the United States or, alternatively, in the countries where the Adviser executes trades.

Market Disruption and Geopolitical Risk. The Funds are subject to the risk that war, terrorism, and related geopolitical events may lead to increased short-term market volatility and have adverse long-term effects on the U.S. and world economies and markets generally, as well as adverse effects on issuers of securities and the value of the Funds’ investments. War, terrorism, and related geopolitical events have led, and in the future may lead, to increased short-term market volatility and may have adverse long-term effects on U.S. and non-U.S. economies and markets generally. Those events, as well as other changes in U.S. and non-U.S. economic and political conditions, also could adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment and other factors affecting the value of the Funds’ investments. At such times, the Funds’ exposure to a number of other risks described elsewhere in this section can increase.

Leverage. The Adviser expects to utilize leverage in investing the Funds’ assets, including through engaging in trading on margin by borrowing funds and pledging securities as collateral. While such use of borrowed funds increases returns if the Funds earn a greater return on the incremental investments purchased with borrowed funds than it pays for such funds, the use of leverage decreases returns if the Funds fail to earn as much on such incremental investments as they pay for such funds. The effect of leverage may therefore result in a greater decrease in the net asset value of the Funds than if the Funds were not so leveraged. Any use by the Funds of short-term margin borrowings will result in certain additional risks to the Funds. For example, the securities pledged to brokers to secure the Funds’ margin accounts could be subject to a “margin call,” pursuant to which the Funds would be required to either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. A sudden, precipitous drop in value of the Funds’ assets accompanied by corresponding margin calls could force the Funds to liquidate assets quickly, and not for what the Adviser perceives to be their fair value, in order to pay off their margin debt. In addition, the Funds may engage in certain derivative transactions which implicitly contain leverage and subject the Funds to the same risks discussed above.

Investment in Illiquid Securities. The Funds will not invest in private equity investments. The Funds are expected to be highly liquid, and the Adviser will seek to limit exposures to publicly traded but relatively

illiquid positions. The Adviser expects that at least 80% of the portfolio will be comprised of positions that the Adviser would be able to liquidate within two to three weeks.

Assets and liabilities for which no market prices are available will generally be carried on the books of the Funds at fair value in accordance with GAAP, unless otherwise determined by the Adviser. There is no guarantee that such valuation will represent the value that will be realized by the Funds on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment.

Illiquid assets that the Funds may invest in include privately placed securities that are not registered under the Securities Act, and may have little or no trading market. In addition, the Funds may not be able to readily dispose of such investments, and, in some cases, may be contractually prohibited from disposing of such securities for a specified period of time. These limitations on liquidity of the Funds' investments could prevent a successful sale thereof, result in delay of any sale, or reduce the amount of proceeds that might otherwise be realized.

Investments in illiquid assets may occur as a result of, among other things, direct investments and the Funds' purchase of debt instruments that convert to illiquid or private interests in the event of a reorganization of an entity's capital structure. The Funds' illiquid investments may involve a high degree of business and financial risk.

Risks of Derivative Instruments. The Funds may engage in a variety of derivative transactions. All derivative instruments, including options, forward contracts and swap contracts involve risks different from, and, in certain cases, greater than the risks presented by more traditional investments.

Many derivative instruments are subject to documentation risk. Because the contract for each over-the-counter derivative transaction is individually negotiated with a specific counterparty, there exists the risk that the parties may interpret contractual terms (*e.g.*, the definition of default) differently when the Funds seek to enforce their contractual rights. If that occurs, the cost and unpredictability of the legal proceedings required for the Funds to enforce their contractual rights may lead the Funds to decide not to pursue their claims against the counterparty. Also, payment amounts calculated in connection with standard industry conventions for resolving contractual issues (*e.g.*, ISDA Protocols and auction processes) may be different than would be realized if a counterparty were required to comply with the literal terms of the derivatives contract (*e.g.*, physical delivery). In addition, the literal terms of an over-the-counter contract may be applied in ways that are at odds with the investment thesis behind the decision to enter into the contract.

Because many derivatives have a leverage component, adverse changes in the value or level of the underlying asset, rate or index may result in a loss substantially greater than the amount invested in the derivative itself. In the case of swaps, the risk of loss generally is related to a notional principal amount, even if the parties have not made any initial investment. Certain derivatives have the potential for unlimited loss, regardless of the size of the initial investment.

In addition, many derivatives, in particular over-the-counter derivatives, are complex and often valued subjectively, which increases the risk of mispricing or improper valuation, and there can be no assurance that the pricing models employed by the Adviser will produce valuations that are reflective of levels at which such over-the-counter derivatives may actually be closed out or sold. This valuation risk may be more pronounced in cases where the Funds enter into over-the-counter derivatives with specialized terms. Improper valuations may result in increased cash payment requirements to counterparties, under collateralization, errors in the calculation of the Funds' net asset value and/or a loss of value to the Funds. Furthermore, derivatives do not perfectly track the value of the assets, rates or indices they are designed

to track. The risk may be more pronounced when outstanding notional amounts in the market exceed the amounts of the referenced assets. As further described herein, derivatives are also subject to other risks, including but not limited to market, management, counterparty documentation, liquidity and leverage risks.

Other Instruments and Future Developments. The Funds may take advantage of opportunities in the area of swaps, options on various underlying instruments and swaptions and certain other customized “synthetic” or derivative investments in the future. In addition, the Funds may take advantage of opportunities with respect to certain other “synthetic” or derivative instruments which are not presently contemplated for use by the Funds or which are currently not available, but which may be developed to the extent such opportunities are both consistent with the Funds’ investment objective and legally permissible for the Funds. Special risks may apply to the Funds’ investments in the future.

Counterparty Risk. The Funds are exposed to counterparty risk to the extent they use “over-the-counter” derivatives, enter into repurchase agreements, lend their portfolio securities or allow a prime broker, if any, or an over-the-counter derivative counterparty to retain possession of collateral. If a counterparty fails to meet its contractual obligations, goes bankrupt, or otherwise experiences a business interruption, the Funds could miss investment opportunities or otherwise hold investments they would prefer to sell, resulting in losses for the Funds. Certain markets in which the Funds may effect transactions are “over-the-counter” or “interdealer” markets, and may also include unregulated private markets. The lack of a common clearing facility creates counterparty risk. The participants in such markets typically are not subject to the same level of credit evaluation and regulatory oversight as are members of “exchange-based” markets. This exposes the investor to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Funds to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Funds have concentrated their transactions with a single or small group of counterparties. The Funds may also be exposed to similar risks with respect to non-U.S. brokers in jurisdictions where there are delayed settlement periods.

There can be no assurance that a counterparty will be able or willing to make timely settlement payments or otherwise meet its obligations, especially during unusually adverse market conditions. The Funds typically may only close out over-the-counter transactions with the relevant counterparty, and may only transfer a position with the consent of the particular counterparty. When a counterparty’s obligations are not fully secured by collateral, then the Funds are essentially an unsecured creditor of the counterparty. If the counterparty defaults, the Funds will have contractual remedies, but there is no assurance that a counterparty will be able to meet its obligations pursuant to such contracts or that, in the event of default, the Funds will succeed in enforcing contractual remedies. Counterparty risk is still present even if a counterparty’s obligations are secured by collateral because the Funds’ interest in collateral may not be perfected or additional collateral may not be promptly posted as required. To the extent the Funds allow a prime broker, if any, or any over-the-counter derivative counterparty to retain possession of any collateral, the Funds may be treated as an unsecured creditor of such counterparty in the event of the counterparty’s insolvency. Counterparty risk also may be more pronounced if a counterparty’s obligations exceed the amount of collateral held by the Funds (if any), the Funds are unable to exercise their interest in collateral upon default by the counterparty, or the termination value of the instrument varies significantly from marked-to-market value of the instrument.

The Funds will be exposed to the credit risk of their counterparties and may also bear the risk of settlement default. For example, although the seller under a repurchase agreement will be required to maintain the value of the securities subject to the agreement in an amount exceeding the repurchase price, default by the seller would expose the Funds, as buyer, to possible loss due to adverse market action or

delay in connection with the disposal of the underlying obligations. Conversely, where the Funds act as seller under a repurchase agreement they are exposed to the risk of the buyer defaulting in its obligation to return the securities when it is required to do so, and the Funds could realize a loss on the purchase of the underlying security to the extent that the purchase price of the underlying security is greater than the cash collateral posted by the buyer. In addition, if the seller becomes involved in bankruptcy or litigation proceedings, the Funds may incur delay and costs in selling the underlying security or may suffer a loss of principal and interest if the Funds is treated as an unsecured creditor and is required to return the underlying collateral to the seller's estate.

Securities purchased or sold on a "when-issued" or "delayed delivery" basis involve a risk of loss if the value of the securities to be purchased declines prior to the settlement date or if the value of the securities to be sold increases prior to a settlement date. Loans of securities also involve risks of delay in receiving additional collateral or in recovering the securities loaned, or possibly loss of rights in the collateral, should the borrower of the securities become insolvent.

Additionally, the Funds may be exposed to documentation risk, including the risk that the parties may disagree as to the proper interpretation of the terms of a contract (*e.g.*, the definition of default). If a dispute occurs, the cost and unpredictability of the legal proceedings required for the Funds to enforce their contractual rights may lead the Funds to decide not to pursue their claims against the counterparty. The Funds, therefore, may be unable to obtain payments the Adviser believes are owed to it under over-the-counter derivatives contracts or those payments may be delayed or made only after the Funds have incurred the costs of litigation.

Due to the nature of the Funds' investments, the Funds may invest in derivatives and/or execute a significant portion of their securities transactions through a limited number of counterparties and events that affect the creditworthiness of any of those counterparties may have a pronounced effect on the Funds. In addition, the creditworthiness of a counterparty may be adversely affected by larger than average volatility in the markets, even if the counterparty's net market exposure is small relative to its capital. The Adviser evaluates the creditworthiness of the counterparties to the Funds' transactions or their guarantors at the time the Funds enter into a transaction. The Funds are not restricted from dealing with any particular counterparty or from concentrating any or all transactions with one counterparty. The ability of the Funds to transact business with any one of a number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Funds. (See "*Risks of Derivative Instruments*", above, and "*Custodial Risk*", below).

Counterparty risk may be further complicated by recently enacted U.S. financial reform legislation which includes provisions for new clearing, margin and reporting requirements for derivatives transactions and new restrictions on the types of derivatives transactions that can be entered into by certain financial companies. The ultimate impact of these regulatory changes remains unclear because much is left to rule making by the CFTC and the SEC, however, these new requirements could mean that the Funds will face less creditworthy counterparties on certain derivatives transactions. Also, the new legislation may limit the flexibility of the Funds to protect their interests in the event of an insolvency of a derivatives counterparty because of powers granted to clearinghouses and to the Federal Deposit Insurance Corporation to limit or delay close-out of derivatives positions of insolvent clearing members or financial companies and to transfer such positions to other entities.

Custodial Risk. The Funds' prime brokers will have custody of the Funds' securities, cash, distributions and rights accruing to the Funds' securities accounts. SEC rules require prime brokers to maintain physical possession and control of fully paid securities held in the Funds' account and to establish certain reserves for the benefit of customers. However, subject to these limitations, the prime brokers generally

have the ability to loan, pledge, and rehypothecate the securities in the Funds' accounts, as is typical market practice, and may have insufficient assets to meet all of its obligations to customers in the event of an insolvency of the prime brokers. In such an event, the Funds would typically not have a right to recover their securities held by the prime brokers, but would rather have only an unsecured claim against the prime brokers and participate *pro rata* with other customers of the prime brokers in the proceeds of the sale of customer securities. Also, even if the prime brokers do have sufficient assets to meet all customer claims, there could be a delay before the Funds receive assets to satisfy their claims. In order to manage the risks associated with prime broker insolvency, the Funds may establish relationships with multiple prime brokers. However, there can be no assurance that the Funds will be able to establish or maintain such relationships. In addition, the Funds may not be able to identify potential solvency concerns with respect to the Funds' prime brokers or to transfer assets from one prime broker to another prime broker in a timely manner.

The prime brokers may hold the Funds' securities through third parties such as clearing corporations, other brokers or banks. In addition, the Funds may hold securities, cash and other assets directly with banks or other third parties not associated with the prime brokers. As a result, the Funds may be subject to credit risk with respect to such third parties, as well as with respect to the prime brokers. In addition, certain of the Funds' assets may be held by non-U.S. affiliates of the Funds' prime brokers and entities other than the prime brokers. Assets held by such non-U.S. affiliates may be subject to legal regimes that provide fewer or different investment protections than the U.S. If the Funds have over-collateralized derivative contracts, they are likely to be an unsecured creditor of any such counterparty in the event of its insolvency. Also, even if the Funds' prime broker or such other third parties do have sufficient assets to meet all claims, there could be a delay before the Funds receive assets to satisfy their claims.

The Funds may change the brokerage arrangements at any time without notice to the investors. There are likely to be operational and other delays associated with changes in prime brokerage arrangements.

Options. The Funds may invest in options. Purchasing put and call options, as well as writing such options, are highly specialized activities and entail greater than ordinary investment risks. Although an option buyer's risk is limited to the amount of the original investment for the purchase of the option, an investment in an option may be subject to greater fluctuation than is an investment in the underlying securities. In theory, an uncovered call writer's loss is potentially unlimited, but in practice the loss is limited by the term of existence of the call. The risk for a writer of a put option is that the price of the underlying securities may fall below the exercise price. The ability to trade in or exercise options may be restricted in the event that trading in the underlying securities interest becomes restricted.

Unlike exchange-traded options, which are standardized with respect to the underlying instrument, expiration date, contract size, and strike price, the terms of over-the-counter options (options not traded on exchanges) are generally established through negotiation with the other party to the option contract. While this type of arrangement allows the Funds greater flexibility to tailor an option to their needs, over-the-counter options generally involve greater credit risk than exchange-traded options, which are guaranteed by the clearing organization of the exchanges where they are traded.

Swaps. The Funds may utilize swaps and other derivative transactions to some degree where they believe it will further the objectives of the Funds. Notional amounts of swap transactions are not subject to any limitations, and swap contracts may expose the Funds to unlimited risk of loss. Swaps may be used as an alternative to futures contracts. To the extent the Funds invest in repos, swaps, forwards, futures, options and other "synthetic" or derivative instruments, counterparty exposures can develop and the Funds take the risk of nonperformance by the other party on the contract. This risk may differ materially from those entailed in exchange-traded transactions which generally are supported by guarantees of clearing organizations, daily marking-to-market and settlement, and segregation and minimum capital

requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. In the international securities markets, the existence of less mature settlement structures and systems can result in settlement default and exposure to counterparty credits.

Futures and Related Options. The Adviser may buy and sell futures contracts and related options on behalf of the Funds. A futures contract is an agreement between two parties to buy and sell a specific quantity of a commodity (including a securities index or an interest-bearing security) for a set price at a future date. The Funds may also buy and sell call and put options on futures or on securities indexes in addition to or as an alternative to purchasing or selling futures contracts, or, to the extent permitted by applicable law, to earn additional income.

The use of futures and options involves certain special risks. Futures and options transactions involve costs and may result in losses. Certain risks arise because of the possibility of imperfect correlations between movements in the prices of futures and options and movements in the prices of the underlying securities, securities index, currencies or other commodities or of the securities or currencies in the Funds' portfolio which are the subject of the hedge (to the extent the Funds use futures and options for hedging purposes). The successful use of futures and options further depends on the Adviser's ability to forecast market or interest rate movements correctly. Other risks arise from the Funds' potential inability to close out their futures or options positions, and there can be no assurance that a liquid secondary market will exist for any futures contract or option at a particular time. The use of futures and options for purposes other than hedging is regarded as speculative. Certain regulatory requirements may also limit the Funds' ability to engage in futures and options transactions.

Portfolio Turnover. The Funds have not placed any limit on the rate of portfolio turnover, and portfolio securities may be sold without regard to the time they have been held when, in the opinion of the Adviser, investment considerations warrant such action. A high rate of portfolio turnover involves correspondingly greater expenses than a lower rate, may act to reduce the Funds' investment gains, or create a loss for investors and may result in taxable costs for investors depending on the tax provisions applicable to such investors.

Cash and Other Investments. The Funds may invest all or a portion of their assets in cash or cash items for investment purposes, pending other investments or as provision of margin for futures or forward contracts. These cash items must be of high quality at the time of investment and may include a number of money market instruments such as negotiable or non-negotiable securities issued by or short-term deposits with the U.S. and non-U.S. governments and agencies or instrumentalities thereof, bankers' acceptances, high quality commercial paper, repurchase agreements, bank certificates of deposit, and short-term debt securities of U.S. or non-U.S. issuers deemed to be creditworthy by the Adviser. The Funds may also hold interests in investment vehicles that hold cash or cash items. While investments in cash items generally involve relatively low risk levels, they may produce lower than expected returns, and could result in losses. Investments in cash items and money market funds may also provide less liquidity than anticipated by the Adviser at the time of investment.

ITEM 9. DISCIPLINARY INFORMATION

Item 9 is not applicable to the Adviser, as it has no reportable material legal or disciplinary events.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither the Adviser nor any of its management persons is registered, or has an application pending to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant,

commodity pool operator, commodity trading advisor, or associated person of any of the foregoing entities. Neither the Adviser nor any of its management persons has a related person among any of the categories enumerated in Item 10(C) of Form ADV Part 2A, except as set forth below. Finally, the Adviser does not recommend or select other investment advisers for its clients for which the Adviser receives compensation directly or indirectly from those advisers that creates a material conflict of interest, nor does the Adviser have other business relationships with advisers that create material conflicts of interest. The Funds are authorized to invest in other pooled investment vehicles and pass-through entities, including third-party unregistered investment vehicles, investment companies registered under the 1940 Act, master limited partnerships and real estate investment trust (each, a “Pooled Investment Vehicle”). An investment in a Pooled Investment Vehicle may be subject to certain fees or other compensation. To the extent such compensation is due with respect to a Pooled Investment Vehicle advised by or affiliated with the Adviser or the General Partner, the Adviser or the General Partner, as applicable, will reduce or waive its Management Fee or Performance Allocation, as applicable, to the extent necessary to ensure that investors do not pay amounts in excess of what they would have paid if such Pooled Investment Vehicle was not subject to such fees or other compensation, as applicable.

Related General Partner

An affiliate of the Adviser serves as a general partner of the Onshore Fund and the Master Fund. For a description of material conflicts of interest created by the relationship among the Adviser and the general partner, as well as a description of how such conflicts are addressed, please see Item 11 below.

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

Code of Ethics

The Adviser has adopted a Code of Ethics (the “Code of Ethics”) that states that it is generally improper for the Adviser or employees or certain other persons covered by the Code of Ethics (as used in this Item 11.A, “employees”) to use for their own benefit (or the benefit of anyone other than a client) information about the Adviser’s trading or investment recommendations for a client or take advantage of investment opportunities that would otherwise be available for a client. The Code of Ethics requires all employees to comply with applicable U.S. federal securities laws at all times. The Code of Ethics generally prohibits personal trading in securities, except for certain limited circumstances. However, the Code of Ethics does permit employees and family/household members of employees to maintain securities holdings acquired prior to their employment with the Adviser, and to unwind those securities transactions in accordance with procedures set forth in the Code of Ethics. Employees are required to disclose all of their (and their family’s/household members’) personal account holdings to the Adviser upon employment. Employees and family/household members of employees must provide certain quarterly and annual securities holdings reports.

Employees are required to immediately report any violation of Adviser’s personal trading policies to the Chief Compliance Officer (the “CCO”).

This summary of the Code of Ethics is qualified in its entirety by the Code of Ethics of the Adviser, which is available to clients and prospective clients upon request at 212-519-1000.

Conflicts of Interest

The material reportable conflicts of interest encountered by a Fund include those discussed below, although the discussion below does not necessarily describe all of the conflicts that may be faced by a Fund. Other conflicts may be disclosed throughout this brochure and in the offering documents of each Fund and these materials should be read in their entirety. The Adviser has adopted policies and procedures to address and mitigate conflicts of interest, including those described below.

Transactions with Affiliates. The Fund organizational documents allow the Funds to participate in transactions in which the General Partner or the Adviser (or any of their employees, members and/or principals or any limited partner) is directly or indirectly interested. In connection with such transactions, the Funds, on the one hand, and the General Partner, Adviser, their employees, members and/or principals or limited partners, on the other hand, may have conflicting interests. The General Partner and the Adviser may also face conflicts of interest in connection with purchase or sale transactions (involving an investment by the Funds) with an affiliate of the Funds (including other Related Funds), including with respect to the consideration offered by, and the obligation of, the General Partner or the Adviser and such other affiliate.

Currently, the Master Fund is the sole client of the Adviser executing portfolio transactions. However, the Adviser may in the future organize Related Funds. Although other Related Funds may pursue investment objectives that are similar to the Funds, and investments will generally be allocated proportionately to each of the Funds and the Related Funds with similar investment objectives, the portfolios of the Funds and such other Related Funds may differ as a result of purchases and redemptions being made at different times and in different amounts, as well as because of different tax and regulatory considerations. The Funds may enter into “rebalancing” transactions with other Related Funds that have the same investment objectives as the Funds when contributions or withdrawals of capital to or from either the Funds or the other Related Funds change the ratio of Fund assets to the assets of other Related Funds. The purpose of any such rebalancing transactions would be to bring each Related Fund’s exposure to a commonly held investment into line with each Related Fund’s percentage of total equity under management. The Funds could be a purchaser or a seller in such rebalancing transactions. All “rebalancing” transactions: (i) would be effected for cash consideration at the current fair value of the particular securities, (ii) would not involve restricted securities or securities for which market quotations are not readily available, and (iii) if executed through a broker, generally would not involve any brokerage commission fee (except for customary transfer fees and brokerage fees for transactions involving U.S. options or certain non-U.S. equities or where some or all of a position is in a swap) or other remuneration.

Personal Trading. The Adviser maintains compliance policies and procedures, including personal trading policies, which are designed to reduce potential conflicts of interest. (See “Code of Ethics” above).

ITEM 12. BROKERAGE PRACTICES

Brokerage Policy and Procedures

In placing portfolio transactions for clients, the Adviser seeks to obtain “best execution”, the best available combination of execution and price (which includes the cost of the transaction). In achieving best execution, the Adviser takes into account all factors it deems relevant, including but not limited to the financial stability and reputation of the particular broker/dealer, the ability to achieve prompt and reliable executions at favorable prices, the operational efficiency with which transactions are effected and the brokerage and research services provided by such broker/dealer, among other factors. However, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commissions or other transaction costs.

The Trader and COO will be responsible for monitoring client accounts for compliance with the Adviser’s policy on best execution. The Trader, Portfolio Manager and COO periodically determine broker-dealer eligibility and reviews broker-dealer trading volumes, prices, commissions, other transaction costs and the overall quality of execution, among other things. The Adviser also evaluates, and seeks to resolve, any conflicts of interest that it may have in selecting brokers to execute client transactions.

Selection of Broker-Dealers

The Adviser is solely responsible for choosing the broker or brokers used for each securities transaction for the Funds. In negotiating commission rates and selecting broker/dealers, the Adviser seeks the best available combination of execution and price (which includes the cost of the transaction) and shall take into account all factors it deems relevant, including by way of illustration but not limited to the financial stability and reputation of the particular broker/dealer, the ability to achieve prompt and reliable executions at favorable prices, the operational efficiency with which transactions are effected and the brokerage and research services provided by such broker/dealer, among other factors. It is noted that since commission rates are generally negotiable, selecting brokers on the basis of considerations which are not limited to applicable commission rates may at times result in higher transaction costs than would otherwise be obtainable.

Research and Other Soft Dollar Benefits

The Adviser believes that valuable brokerage and research services can be provided to the Funds by brokerage firms effecting transactions for the Funds. Accordingly, the Adviser does not intend to seek lower brokerage commissions to the extent that doing so might detract from the provision of such brokerage and research services. Brokerage and research services may either be obtained from brokerage firms or obtained from third parties and paid for by the Adviser and subsequently charged to the Funds *pro rata* based on their relative capital balances. Brokerage and research services may include, but are not limited to, written (including electronic) information and analyses concerning specific securities, companies or sectors; news, quotation, statistics and pricing services, as well as discussions with research personnel and consultants; and hardware, software, data bases and other technical and telecommunications services and equipment utilized in the investment management process and consulting fees and travel expenses in connection with investigating and monitoring potential and existing investments. Research services, whether obtained by the use of commissions arising from the Funds’ portfolio transactions or paid for by the Adviser and charged to the Funds as described above, may be used by the Adviser for the benefit of other Funds.

The Adviser may use “soft” or commission dollars to pay for certain expenses that would otherwise be paid by the Funds. If the Adviser uses soft dollars generated by a Fund to pay certain expenses which would otherwise be payable by the Funds, the Adviser intends that such payments will fall within the parameters of Section 28(e) of the Exchange Act. When the Adviser uses brokerage commissions to obtain research or other products or services, the Adviser receives a benefit because the Adviser does not have to produce or pay for such research, products or services. The Adviser may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than in the Adviser’s clients interest in receiving most favorable execution.

Directed Brokerage

The Adviser does not enter into directed brokerage arrangements.

Aggregation of Orders

Currently, the Master Fund is the sole client of the Adviser executing portfolio transactions. However, the Adviser may in the future organize Related Funds (other investment funds (including parallel funds for employees of the Adviser or parallel funds designed for other purposes)) or manage separately managed accounts that may either co-invest with a Fund or follow an investment program similar to or different from a Fund’s program. Purchase and sale orders generally will be combined for Related Funds with each entity paying its pro rata share of the total commission and paying or receiving its pro rata share of the total cost or sales proceeds. From the standpoint of the Fund, simultaneous identical portfolio transactions for a Fund and the other Related Funds may decrease the prices received, and increase the prices required to be paid, by a Fund for its portfolio sales and purchases.

There may be a conflict of interest in the allocation of investment opportunities among a Fund and other Related Funds. In such a case, the Adviser and its affiliates intend to allocate investment opportunities in a manner which is believed to be appropriate and in the best interests of all the entities involved. While allocations between a Fund and other Related Funds would generally be made on a pro rata basis in proportion to the relative equity of each, there can be no assurances that an investment opportunity which comes to the attention of the Adviser and its affiliates will not be allocated wholly or primarily to other Related Funds, with the Funds being unable to participate in such investment opportunity or participating only on a limited basis. If, in the discretion of the Adviser, a Fund and/or one or more other Related Funds should not participate in a particular investment opportunity for tax or regulatory reasons, such investment opportunity will be allocated only to the Related Funds not affected by such tax or regulatory reasons. To the extent an investment is not allocated pro rata, a Fund could incur a disproportionate amount of income or loss related to such investment relative to the other Related Funds.

A Fund could be disadvantaged because of activities conducted by the General Partner, the Adviser or their affiliates for the other Related Funds as a result of, among other things: legal restrictions on the combined size of positions which may be taken for all accounts managed by the Adviser or its affiliates, thereby limiting the size of a Fund’s position; and the difficulty of liquidating an investment for more than one account where the market cannot absorb the sale of the combined positions. In addition, there may be circumstances under which the Adviser or its affiliates will consider participation by other Related Funds in investment opportunities in which the Adviser does not intend to invest, or intends to invest only on a limited basis, on behalf of a Fund. The Adviser and its affiliates will evaluate for a Fund and other Related Funds a variety of factors which may be relevant in determining whether a particular situation or strategy is appropriate and feasible for a Fund or another Related Fund at a particular time, including the nature of the investment opportunity taken in the context of the other investments at the time, the liquidity of the investment relative to the needs of the particular entity, the investment or regulatory limitations on the particular entity and the transaction costs involved. Because these considerations may differ for a Fund and one or more of the other Related Funds in the context of any

particular investment opportunity, investment activities of a Fund and the other Related Funds may differ considerably from time to time.

ITEM 13. REVIEW OF ACCOUNTS

Oversight and Monitoring

The Adviser provides continuous advisory services for the Funds. The portfolio investments of each Fund will primarily be reviewed by a team of investment professionals, which currently includes the Portfolio Manager, Trader and COO.

Reporting

The Adviser provides reports in accordance with the applicable Fund's organizational and offering documents and as may be agreed with particular investors. The Adviser has engaged an independent public accounting firm to prepare audited financial statements of the Funds within 120 days of the end of each fiscal year (or such shorter period as may be set forth in a Fund's governing documents) or as soon as reasonably practicable thereafter.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

The Adviser does not receive any economic benefit from someone who is not a client for providing investment advice or other advisory services to its clients, nor does the Adviser compensate any person for client referrals.

ITEM 15. CUSTODY

The Adviser has engaged a PCAOB-registered independent accounting firm to perform an annual audit and distribute audited financial statement prepared in accordance with generally accepted accounting principals to all investors within 120 days of each Fund's fiscal year end.

ITEM 16. INVESTMENT DISCRETION

The Adviser provides investment advice directly to the Funds pursuant to a written investment management agreement with each of the Funds, subject to the discretion and control of the general partner or the board of directors of the applicable Fund, and not directly to the investors in the Funds. Powers of attorney and any restrictions on the Adviser's authority are set forth in the organizational documents and subscription documents of the Funds.

ITEM 17. VOTING CLIENT SECURITIES

The Adviser intends to adopt voting policies and procedures that are designed to ensure that in cases where the Adviser votes proxies with respect to Fund securities, such proxies are voted in the best interest of its clients, and in so doing, the Adviser will maximize the economic value of the investments made by the relevant Fund. It is the general policy of the Adviser to vote or give consent on all matters presented to security holders in any vote, and the Adviser's policies and procedures have been designed with that in mind. However, the Adviser reserves the right to abstain on any particular vote or otherwise withhold its vote or consent on any matter if, in the judgment of the COO or the relevant Adviser investment professional, the costs associated with voting such vote outweigh the benefits to the relevant clients or if the circumstances make such an abstention or withholding otherwise advisable and in the best interests of the relevant Fund. Clients are generally not permitted to direct voting decisions.

The Adviser's CCO has the primary responsibility to monitor voting decisions for conflicts of interest, which will include a consideration of whether the Adviser or any investment professional or other person recommending how to vote has an interest in the vote that may present a conflict of interest. Where the CCO deems appropriate in his sole discretion, unaffiliated third parties may be used to help resolve conflicts. In this regard, the CCO shall have the power to retain independent fiduciaries, consultants, or professionals to assist with voting decisions and/or to delegate voting or consent powers to such fiduciaries, consultants or professionals.

This summary of the Adviser's voting policies and procedures is qualified in its entirety by the Adviser's voting policies and procedures. The Adviser will make information regarding how proxies were voted available upon request to any client and a copy of the Adviser's voting policies and procedures is available to any client upon request at 212-519-1000.

ITEM 18. FINANCIAL INFORMATION

Item 18.A is not applicable to the Adviser, as it does not require or solicit prepayment of fees six months or more in advance.

In response to Item 18.B, the Adviser is not currently aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to the Funds.

Item 18.C is not applicable to the Adviser, as it has not been subject to a bankruptcy petition during the past ten years.

ITEM 19. REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Item 19 is not applicable to the Adviser as it is not registered with any State securities authority.