

Zweig-DiMenna Associates LLC  
Zweig-DiMenna Associates, Inc.  
Zweig-DiMenna International Managers, Inc.

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This Brochure provides information about the qualifications and business practices of Zweig-DiMenna Associates LLC, Zweig-DiMenna Associates, Inc. and Zweig-DiMenna International Managers, Inc., (collectively, "Zweig-DiMenna"), all of which are managed by the same individuals.

If you have any questions about the contents of this Brochure, please contact us at 212-451-1100. 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.

Zweig-DiMenna Associates LLC is registered with the SEC as an investment adviser. SEC registration does not imply any level of skill or training.

Additional information about Zweig-DiMenna also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

Zweig-DiMenna's last annual update to Part 2 of Form ADV was dated March 24, 2015.

Though Zweig-DiMenna believes that since our previous (March 24, 2015) update, there have been no other material changes, we recommend that you read this Form ADV Part 2A in its entirety.

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## **Item 4 – Advisory Business**

Zweig-DiMenna seeks to achieve its Clients' investment objectives primarily through a strategy of investing and trading in stocks, both long and short, and other financial instruments. Zweig-DiMenna primarily uses fundamental analysis in its stock selection. Further details regarding Zweig-DiMenna's methods of analysis and investment strategies are provided below in Item 8.

Zweig-DiMenna, which was founded in 1983, provides discretionary investment advisory services primarily to several privately offered unregistered funds (the "Funds"). Zweig-DiMenna may also provide investment advisory services to persons or entities on a managed account basis (each such arrangement, a "Managed Account," and the person(s) or entity(ies) funding a Managed Account, a "Managed Account Client"). For the purposes of this Brochure, the term "Client" refers to a Fund (but not the investors in the Fund; each an "Investor") and/or a Managed Account Client, as appropriate in context.

Joseph A. DiMenna is the principal owner of Zweig-DiMenna Associates LLC and Zweig-DiMenna Associates, Inc. and the principal beneficial owner of Zweig-DiMenna International Managers, Inc. ("ZD Managers"). Joseph A. DiMenna is the principal owner of Zweig-DiMenna Holdings, Inc. ("ZDH") which is the sole owner of ZD Managers. ZDH has no other subsidiaries. Zweig-DiMenna Associates LLC and Zweig-DiMenna Associates, Inc. (collectively, "ZD Associates") and ZD Managers (collectively, "Zweig-DiMenna") are all managed by the same individuals. In addition, the management persons and employees of each of the Zweig-DiMenna entities are subject to the same supervisory structure and compliance policies and procedures.

### **Funds**

Zweig-DiMenna Associates LLC and Zweig-DiMenna Associates, Inc. are the co-general partners, or the general partner and investment manager, respectively, of several Funds that are domiciled within the United States. Zweig-DiMenna through ZD Managers serves as investment manager to several Funds that are domiciled outside the United States. The governing documents of the Funds may, in some

cases, contain certain investment restrictions or limitations. However, Investors cannot impose their own restrictions or limitations on the Funds' investments.

### Managed Accounts

Zweig-DiMenna may from time to time have a limited number of Managed Account Clients whose accounts have substantially the same long/short equity strategy as the Funds. In some cases, a Managed Account Client may be a pooled investment vehicle for which Zweig-DiMenna acts as an investment manager or sub-manager or sub-adviser. Managed Account advisory services are governed by a written agreement ("Managed Account Agreement") between Zweig-DiMenna and the Managed Account Client. The Managed Account Agreement contains any investment guidelines or restrictions that a Managed Account Client may require.

As of December 31, 2015, Zweig-DiMenna managed approximately \$1.8 billion in Client assets, including assets beneficially owned by, and a deferred compensation plan for the benefit of, Zweig-DiMenna and its principals and employees. All assets are managed on a discretionary basis.

## **Item 5 – Fees and Compensation**

### Fund Fees

Each Fund for which Zweig-DiMenna is the investment manager or general partner pays Zweig-DiMenna a management fee ranging from 1.5% to 2.0% (on an annualized basis) of the applicable Fund's net assets. The management fee is generally paid quarterly in advance (on the 7th day of the quarter) or semi-annually in advance (on the 15th day of the semi-annual period). Upon an Investor's redemption from a Fund or a Fund's termination of its advisory relationship with Zweig-DiMenna, Zweig-DiMenna will refund any unearned management fees. Furthermore, upon investment other than at the beginning of the normal management fee period, Zweig-DiMenna will charge that Investor in a Fund, as applicable, only for the actual period of time that Zweig-DiMenna provided advisory services.

Zweig-DiMenna also receives a performance-based fee or allocation, as applicable, from each Fund in an amount equal to 20% of the net profits, if any, of the applicable Fund for the applicable performance period, subject to a high water mark provision. The applicable performance fee period may vary for each Fund, and may be on a quarterly, semi-annual or annual basis.

The foregoing fees may be reduced or waived (i) with respect to Investors in Funds that are employees of Zweig-DiMenna or (ii) during an initial offering period of a new Fund or may be negotiable in certain circumstances, with respect to the non-U.S. domiciled Funds and certain of the U.S. domiciled Funds, depending upon, among other things, the amount invested in the Fund by such Investor.

Certain Funds for which Zweig-DiMenna acts as general partner or investment manager may invest in other Funds for which Zweig-DiMenna acts as general partner or investment manager. In this case, such Funds will not bear a double-layering of asset-based fees or performance-based fees or allocations in connection with their investment in other Funds, but will bear their share of the other Funds' expenses.

For the Funds that are domiciled within the United States, an invoice for the management fee (with documentation supporting the calculations) is submitted to a prime broker of the Funds for payment to Zweig-DiMenna from the Fund's prime brokerage account. For the Funds that are domiciled outside the United States, an invoice for the fee (with documentation supporting the calculations) is submitted to the Fund's administrator for the administrator to request payment to Zweig-DiMenna from the Fund's prime brokerage account.

#### Managed Account Fees

The management fees and/or performance fees payable to Zweig-DiMenna for Managed Account Clients are negotiated on a case-by-case basis in accordance with the terms of the applicable Managed Account Agreement. The specific manner in which fees are charged by Zweig-DiMenna is established in the applicable Managed Account Agreement.

Managed Account Clients generally calculate the fees and submit the supporting documentation to Zweig-DiMenna for its approval, and then pay Zweig-DiMenna. Upon a Managed Account Client's termination of its advisory relationship with Zweig-DiMenna, Zweig-DiMenna will refund any unearned fees to the extent that fees are charged in advance. Furthermore, upon investment other than at the beginning of the normal management fee period, Zweig-DiMenna will charge that Managed Account Client only for the actual period of time that Zweig-DiMenna provided advisory services.

### Fund Expenses

The U.S. domiciled Funds generally bear the following expenses:

- Transaction costs and investment-related expenses incurred in connection with trading activities, including, without limitation, brokerage, clearing, margin interest (if any) and custodial expenses;
- Legal, accounting, auditing, valuation and tax preparation fees and related expenses;
- Fees and expenses of prime brokers, futures commission merchants and administrators, if any;
- Interest, fees and costs of Fund-related borrowings;
- Interest, if any, due to Investors in connection with redemptions;
- Expenses associated with the continued offering of the Funds;
- Operational expenses of the Fund;
- Insurance premiums; and
- Extraordinary expenses (e.g., litigation costs and indemnification obligations), if any.

The non-U.S. domiciled Funds generally bear the following expenses:

- Transaction costs and investment-related expenses incurred in connection with trading activities, including, without limitation, brokerage, clearing, margin interest (if any) and custodial expenses;
- Fees and expenses of prime brokers and futures commission merchants;
- Interest, fees and costs of Fund-related borrowings;
- Legal, accounting, auditing, valuation, registrar, transfer agent, registered agent and administration fees and related expenses;

- Interest, if any, due to Investors in connection with redemptions;
- Expenses associated with the continued offering of the Funds;
- Operational expenses of the Fund;
- Insurance premiums;
- Payment of the fees and expenses of the Funds' directors; and
- Extraordinary expenses (e.g., litigation costs and indemnification obligations), if any.

### Managed Account Expenses

The Managed Account Clients will generally bear such expenses as may be provided in the Managed Account Agreement, which may include such expenses as:

- Transaction costs and investment-related expenses incurred in connection with trading activities, including, without limitation, brokerage, clearing, margin interest (if any) and custodial expenses;
- Legal, accounting, auditing, and tax preparation fees and related expenses;
- Fees and expenses of prime brokers, futures commission merchants and administrators;
- Interest, fees and costs of Managed Account-related borrowings;
- Interest, if any, due to investors in connection with redemptions;
- Expenses associated with the continued offering of the Managed Accounts;
- Operational expenses of the Managed Account;
- Insurance premiums;
- Extraordinary expenses (e.g., litigation costs and indemnification obligations), if any; and
- In the case of "platform accounts," such sales charges and administrative and operating fees as may be charged by the platform's sponsor.

Please refer to Item 12 - Brokerage Practices for additional information regarding Zweig-DiMenna's brokerage arrangements.

Zweig-DiMenna and its supervised persons do not accept compensation for the sale of securities or other investment products.



## **Item 6 – Performance-Based Fees and Side-By-Side Management**

Zweig-DiMenna's Clients generally are charged both a management fee and a performance fee or allocation, as described above in Item 5. The rate for the management fee varies according to Client, which may create an incentive for Zweig-DiMenna to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. The performance compensation is structured to comply with Section 205 of the Investment Advisers Act of 1940 (the "Advisers Act"). Performance-based compensation arrangements may create a conflict of interest for Zweig-DiMenna to favor higher fee paying accounts over other accounts in the allocation of investment opportunities.

Zweig-DiMenna's policy is that no Client for whom Zweig-DiMenna has investment decision responsibility shall receive preferential treatment over any other Client. In allocating securities among clients, it is Zweig-DiMenna's policy that all Clients should be treated fairly and that, to the extent possible, all Clients should receive equivalent treatment. Zweig-DiMenna has designed and implemented procedures, which are intended to ensure that all Clients are treated fairly and equally, and to prevent these potential conflicts from influencing the allocation of investment opportunities among Clients.

The performance fee may be deemed to create a conflict of interest for Zweig-DiMenna to make investments that are riskier or more speculative than would be the case in the absence of a financial incentive based on the performance of a Client. Zweig-DiMenna monitors the investments made for Clients on an ongoing basis, and endeavors to ensure that investments made for Clients are appropriate without regard to the potential for performance-based fees.

## **Item 7 – Types of Clients**

Zweig-DiMenna currently provides investment advice as discussed in Item 4 above. Zweig-DiMenna may advise Managed Account Clients and other different types of clients in the future.

The Funds are not registered as investment companies under the Investment Company Act of 1940, as amended (the "1940 Act"), in reliance on the exemption from registration under Section 3(c)(1) or Section 3(c)(7) of the 1940 Act, as applicable. In addition, the Funds' interests or shares (as applicable) are not registered under the Securities Act of 1933, as amended (the "1933 Act"), or any state "blue-sky" laws; rather, they are privately offered only to qualified Investors.

Each Fund Investor generally must be an accredited investor, as defined in Regulation D promulgated under the 1933 Act, and either (1) a qualified purchaser under the 1940 Act, or (2) a qualified client, as defined in Rule 205-3 under the Advisers Act.

Additional restrictions may apply, and are set forth in the governing documents for each Fund.

The minimum investment in Zweig-DiMenna Partners, L.P, subject to waiver, is \$3,000,000. The minimum investment in each other Fund, subject to waiver, is \$1,000,000. In the case of some, but not all, of the Funds, absent a waiver, Investors may not effect a partial redemption of their interest or shares in the applicable Fund if, after such redemption, their investment in the applicable Fund would be less than the required minimum investment or a lower specified amount.

The conditions for starting and maintaining a Managed Account will vary with the circumstances of each Managed Account and be negotiated and set forth on an individual basis in the relevant Managed Account Agreement.

### **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

The methods of analysis and investment strategies used by Zweig-DiMenna with regard to the Funds are set forth below. The methods of analysis and investment strategies used by Zweig-DiMenna with regard to Managed Account Clients vary depending on the needs of each Managed Account Client, but are generally expected to be comparable to those described below for the Funds.

### Investment Strategies and Methods of Analysis

Zweig-DiMenna seeks to achieve its Clients' investment objectives primarily through a strategy of investing and trading in equities of U.S. and foreign companies, both long and short, and other financial instruments.

Zweig-DiMenna primarily uses fundamental analysis in its selection of both long and short positions. Zweig-DiMenna analyzes the fundamentals of companies, in the context of industry dynamics and generally held expectations. Zweig-DiMenna may consider various factors, including: the financial health of a company, trends in its earnings, revenues, margins and receivables, information about a company's product cycle, the strength of its management team, changes in its management, its competitive position in the industry, litigation involving the company and other developments affecting its business.

The investment exposure for the Funds' accounts (and, in the case of the Managed Accounts subject to any required investment guidelines or restrictions specified in the Managed Account Agreement) may range from net short to net long with some leverage. Zweig-DiMenna determines the overall investment exposure on the basis of its judgment and market opportunities as well as certain asset allocation techniques based on quantitative models developed by Martin Zweig and his staff. These models, which are used to assess the risks and trends in the equity market at any given time, incorporate general market statistics, including interest rate and monetary analysis and measures of market sentiment, among other variables.

For certain Funds and Managed Account Clients, Zweig-DiMenna employs its long/short strategy and fundamental analysis stock selection approach with a focus on natural resources and energy investments. In such cases, investments generally will include the securities of companies principally engaged in owning or developing natural resources, or supplying goods and services to such companies, as well as companies principally engaged in energy-related activities.

For certain Funds, Zweig-DiMenna employs a focused strategy which generally consists of a more concentrated portfolio of long and short equity positions (approximately 30-40 positions).

For certain Funds, Zweig-DiMenna may employ quantitative analysis for the selection of a portion of the stocks in its long/short strategy. The portion of the portfolio based on such quantitative analysis is expected to be quite small – less than 5% of a Fund's total assets. This quantitative analysis may be based on research provided by third parties to Zweig-DiMenna, after consultation and in coordination with Zweig-DiMenna regarding, among other things, the parameters and data to be used.

Client Accounts may also be invested in securities and financial instruments other than equities, including without limitation, investment grade and non-investment grade debt securities, including senior secured loans and bank debt, senior and subordinated bonds, liquidating trusts and debtor-in-possession loans under a Chapter 11 proceeding; credit default, interest rate, equity, commodity, foreign currency, index, total return and other swaps; put and call options on securities, financial instruments and financial indices; futures contracts on stock indices, interest rates, foreign currencies or other financial instruments or indices or futures contracts on precious metals or other commodities, and options on any of the foregoing futures or commodity contracts; forwards, swaps, synthetic derivatives and other derivative instruments; warrants; securities convertible into common stock; U.S. Government or foreign government securities or financial instruments; exchange traded funds; money market obligations, repurchase agreements, and reverse repurchase agreements; and any other financial instruments that currently exist or may exist in the future. Some or all of the investment strategies will use leverage, including without limitation margin borrowing and short sales. In addition, to the extent that a Fund and Managed Account is eligible to do so, Zweig-DiMenna may purchase for those Clients' Accounts "Rule 144A securities" or other restricted securities – that is, securities that are subject to contractual or legal restrictions on their transferability and/or other private placement investments.

All investment decisions ultimately reflect the judgment, and are subject to the discretion, of Zweig-DiMenna.

### *Material Risks*

The following is a brief summary of the material risks associated with Zweig-DiMenna's significant methods of analyses and investment strategies for the Funds and Managed Account Clients (to the extent that a Managed Account makes the particular investments described). Investors and prospective Investors in a Fund should review the private placement memorandum of the Fund in which they are invested (or are seeking to invest) for additional information about the risks associated with an investment in such Fund, which private placement memorandum is available to qualified prospective investors. The private placement memorandum also includes, for informational purposes, a discussion of certain of the tax aspects of an investment in a Fund.

An investment in securities involves a risk of loss that an Investor or Client should be prepared to bear. An investment in a Fund or a Managed Account is speculative and not guaranteed. Such an investment involves a substantial degree of risk and is suitable only for investors who can tolerate significant risk. The instruments in which the Funds and Managed Accounts invest may lose value. Investors may experience a loss of some or all of their investments, including losses amplified as a result of a Fund's (and, to the extent applicable, a Managed Account's) use of leverage. Past performance is not indicative of future performance, and there is no assurance that any of the Funds or Managed Accounts will achieve their investment objectives.

*Reliance on Key Personnel.* All decisions with respect to the investment of assets will be made by Zweig-DiMenna, which relies on the services of its officers and employees. Should any of the key officers or employees of Zweig-DiMenna terminate their relationships with Zweig-DiMenna, die or become otherwise incapacitated for any period of time, this may have a material adverse effect on the operations of Zweig-DiMenna and therefore may adversely affect the investment performance of Clients' Accounts.

***Market Risk.*** Prices of the securities and other investments held by the Funds and Managed Accounts will fluctuate sometimes rapidly and unexpectedly. These fluctuations may cause the price of a security or investment to decline for short or long-term periods and cause the security or investment to be worth less than it was worth when purchased by the Fund or Managed Account. In addition, actual and /or perceived accounting, and other irregularities may cause dramatic price declines in the securities of companies reporting such irregularities or which are the subject of rumors of such irregularities.

***Investment Selection.*** Fundamental analysis of stocks relies heavily on the truth, completeness and accuracy of the financial, accounting and other information distributed to the public by portfolio companies (pursuant to applicable securities rules) when evaluating the value of such companies. Zweig-DiMenna is not in a position to confirm the completeness, genuineness, or accuracy of such information.

***High Portfolio Turnover.*** Zweig-DiMenna's investment strategy will generally result in a high portfolio turnover rate and substantial brokerage and transaction costs for the Funds and Managed Accounts.

***Business Risks; Economic Conditions.*** Investments are subject to risk from changes in the economic climate, including, for example, interest rates, inflation rates, industry conditions, competition, technological developments, political and diplomatic events and trends, tax laws, the competency of management, and innumerable other factors, in a similar way to other industrial or commercial companies. None of these conditions are within the control of Zweig-DiMenna. For these and other reasons, there can be no guarantee that companies in which the Funds or Managed Accounts invest will develop as anticipated.

***Equity Risks.*** Zweig-DiMenna expects to invest Client assets primarily in equity securities of issuers listed and traded on organized U.S. and foreign exchanges. The value of these securities generally will vary with the performance of the issuer and movements in the equity markets. As a result, Clients may suffer losses if Zweig-DiMenna invests their assets in equity securities of issuers whose performance diverges from Zweig-DiMenna's expectations. 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, to the extent that a Fund and Managed Account is eligible to do so and invests in "Rule 144A securities" and other restricted securities or private placement investments, these types of investments are generally less liquid and may be more difficult to sell than stocks listed and traded on U.S. or foreign exchanges.

*Short Sales.* There is a risk of an unlimited increase in the market price of securities sold short, which could result in the Client Account being unable to cover the short position and a theoretically unlimited loss. The market dislocations of 2008 resulted in intensive scrutiny of short sale practices by the SEC and other international regulatory authorities. The regulatory responses have included, among other things, temporary bans on short sales of certain classes of securities, requirements to report short sale transactions to regulators and permanent bans on certain stock borrowing and short sale practices that were considered abusive. These regulatory initiatives are ongoing. These regulatory actions, and future actions, could impair Zweig-DiMenna's ability to borrow stock for short sales or adversely affect the cost of short sale transactions.

*Changes in Investment Exposure.* While Zweig-DiMenna will adjust the investment exposure for Clients' Accounts from time to time (and such exposure may range from net short to net long with some leverage), there is no assurance that any adjustments in the investment exposure will provide protection from the risks of equity investments, correctly predict market trends or enable Clients' Accounts to achieve their investment objective.

*Leverage.* The Funds (and, to the extent applicable, Managed Accounts) may seek to enhance returns through the use of leverage, which can be described as exposure to changes in price at a ratio greater than 1:1 in reference to the amount invested. Leverage magnifies both the favorable and unfavorable effects of price movements in the investments made by the Client Accounts, all of which may subject the Client Accounts to substantial risk of loss. The amount of leverage will vary and cannot be estimated. Leveraging will enhance the ability to acquire securities and other investments, but will also increase the Client Accounts' exposure to losses.

*Non-U.S. Investments.* Investment in equity or debt securities of non-U.S. issuers may involve certain special risks due to 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 withholding taxes on dividend or interest payments, and the risk that non-U.S. markets may not be as developed, liquid, efficient or regulated. Also, transaction costs may be higher.

*Institutional Risk; Risk of Default or Bankruptcy of Third Parties.* Third-party brokerage firms will clear trades, maintain custody of securities and loan stock for short sales. If there were a default or bankruptcy by third parties (or other financial problems involving such third parties), including brokerage firms, futures commission merchants and banks with which Zweig-DiMenna does business, or to which securities have been entrusted for custodial purposes, this would likely have an adverse effect upon Client Accounts. For example, if a prime broker or custodian of Zweig-DiMenna were to become insolvent or file for bankruptcy, Client Accounts would likely suffer significant losses with respect to any cash or securities held by such firm. Similar issues could arise with respect to transactions in securities and financial instruments that involve counterparties in OTC or "interdealer" markets and also unregulated private markets. Since the participants in such markets are typically not subject to the same level of credit evaluation and regulatory oversight as are members of the exchange-based markets, this exposes Client Accounts 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, which could cause a Client Account to suffer a loss.

*Recent Market Conditions.* Events in the financial sector in recent years have resulted, and may continue to result, in an unusually high degree of volatility in the financial markets, both domestic and foreign, and adversely affect the investment performance of many funds and managed accounts, including those managed by Zweig-DiMenna. These events have also decreased liquidity in some markets and may continue to do so. Because the situation is unprecedented and widespread, it may



be unusually difficult to identify both risks and opportunities using past investment experience, or to predict the duration of these market events.

*Debt and Other Income Securities.* Debt and other income securities are subject to interest rate, market and credit risk. Interest rate risk relates to changes in a security's value as a result of changes in interest rates generally. Market risk relates to the changes in the risk or perceived risk of an issuer, country or region. Credit risk relates to the ability of the issuer to make payments of principal and interest. The values of debt and income securities may be affected by changes in the credit rating or financial condition of the issuing entities.

*Swaps.* Zweig-DiMenna may effect for its Client Accounts credit default, interest rate, equity, commodity, foreign currency, index, total return and/or other swaps, as well as options on swaps (swaptions). Swaps and swaptions can be used for a variety of purposes, including as a portfolio investment or for hedging or investment exposure adjustment purposes. There are risks in the use of swaps and swaptions. For example, swaps could result in losses if interest or foreign currency exchange rates or credit quality changes are not correctly anticipated by Zweig-DiMenna. Total return swaps could result in losses if the reference index, security, or investments do not perform as anticipated. Credit default swaps can increase a Client's exposure to credit risk and could result in losses if evaluation of the creditworthiness of the counterparty, or of the company or government on which the credit default swap is based, is incorrect. The prices of swaps and swaptions can be highly volatile, and the potential loss from the use of swaps and swaptions can exceed a Client's initial investment in such instruments. Also, the other party to a swap agreement could default on its obligations or refuse to cash out a Client's investment at a reasonable price, which could turn an expected gain into a loss.

*Derivatives.* The use of derivative instruments involves risks different from, and possibly greater than, the risks associated with investing directly in securities and other traditional investments. Derivatives are subject to a number of risks, such as interest rate risk, market risk, and credit risk. They also involve the risk of mispricing or improper valuation and the risk that changes in the value of the derivative may

not correlate perfectly with the underlying asset, rate, or index. With an investment in a derivative instrument, a Client Account could lose more than the principal amount invested. Also, suitable derivative transactions may not be available in all circumstances.

*Loan of Portfolio Securities.* Zweig-DiMenna may, to increase the income of Client Accounts, lend the portfolio securities and other assets of the Funds and certain Managed Account Clients to broker-dealers or institutional investors if Zweig-DiMenna believes that the loan is adequately collateralized. The principal risks relating to a loan of portfolio securities are that the borrower may not return the securities loaned, the loan may not be adequately collateralized or the Client Account may experience delay or difficulties in exercising its rights to the collateral held.

*Futures Contracts.* The low margin deposits normally required in futures contract trading permit an extremely high degree of economic leverage. Accordingly, a relatively small price movement in a futures contract may result in immediate and substantial losses. In the event that a futures commission merchant were to become insolvent or file for bankruptcy, Client Accounts could suffer significant losses if there would be a shortfall in the futures commission merchant's available funds to repay its customers.

*Forward Trading.* Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. Disruptions can occur in forward markets due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which Zweig-DiMenna would otherwise implement, to the possible detriment of its Clients.

*Sector Specific Risks.* To the extent that a Fund or Managed Account is concentrated in a specific sector or group of sectors, the investment performance of such Fund or Managed Account may fluctuate more

than it would if the assets were invested in a less concentrated (more diversified) group of securities.

*Valuation.* To the extent that a Fund owns restricted securities, other private placement investments or other investments that are difficult to value, the administrator (in the case of the Funds that are domiciled outside the United States) or the prime broker (in case of the Funds that are domiciled within the United States) may request assistance from Zweig-DiMenna in valuing such security or investment. Zweig-DiMenna will determine the "fair value" of such security or other investment, in accordance with Zweig-DiMenna's Valuation Policy. Since the valuation of investments will have an effect upon a Fund's net asset value and, accordingly, the fees payable to Zweig-DiMenna, Zweig-DiMenna has established a Valuation Committee to review these fair valuation determinations. The Valuation Committee includes an independent member whose fee is paid by the Funds.

The following is a brief summary of the material risks applicable when Zweig-DiMenna employs its long/short strategy and fundamental analysis stock selection approach with a focus on natural resources and energy investments. Investors and prospective Investors in a Fund considering such investments should review the private placement memorandum of the Fund in which they are invested (or are seeking to invest) for additional information about the risks associated with an investment in such Fund, which private placement memorandum is available to qualified prospective investors.

*Natural Resources Industry Concentration.* The natural resources industries can be significantly affected by events relating to international political and economic developments, energy conservation, the success of exploration projects, commodity prices, and tax and other government regulations. Concentration of investments in the natural resources sector increases the risk of loss, because the stocks of many or all of the companies in that sector may decline in value due to developments adversely affecting the sector.

*Energy Markets.* Zweig-DiMenna may invest Client assets in the energy markets, through investments in derivative instruments as well as physical commodities. Energy markets may be subject to short-term

volatility due to a variety of factors, including weather, international political and economic developments, breakdowns in the facilities for the production, storage or transport of energy and energy-related products, acts of terrorism, changes in government regulation, and sudden changes in fuel prices.

*Sector Specific Risks.* The success of issuers in sectors such as the natural resources industry and energy markets, is subject to all risk factors generally affecting their respective industries. Such risk factors include, among others, increasingly intense competition, rapid changes in technology, and significant capital requirements. Rapid and significant changes in technology relating to evolving industry standards and frequent new product and service introductions create significant business risks for market participants, including those issuers in which Client Accounts may invest. Moreover, competition can result in significant downward pressure on pricing. In addition, local and international legislation and regulation could have significant effects on operations of issuers in which Client Accounts may invest. Furthermore, liquidity issues, together with adverse developments, either industry or issuer specific, may significantly impact share prices.

The following is a brief summary of the material risks applicable when Zweig-DiMenna employs a focused strategy (the "Focus Funds") which generally consists of a more concentrated portfolio of long and short equity positions (approximately 30-40 positions). Investors and prospective Investors in a Fund considering such investments should review the private placement memorandum of the Fund in which they are invested (or are seeking to invest) for additional information about the risks associated with an investment in such Fund, which private placement memorandum is available to qualified prospective investors.

*Concentration of Investments; Sector Specific Risks.* To the extent that the Focus Funds are concentrated in a specific sector or group of sectors, the investment performance of the Focus Funds may fluctuate more than it would if the assets were invested in a less concentrated (more diversified) group of securities.

### *Cybersecurity Risk.*

Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to Clients and Investors; impediments to trading; the inability of Zweig-DiMenna and other service providers to transact business; interference with Zweig-DiMenna's ability to calculate the value of an investment in a Client; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information. Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which Zweig-DiMenna invests; counterparties with which Zweig-DiMenna engages in transactions; the administrator of the Funds domiciled outside of the United States; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, insurance companies, and other financial institutions; and other parties.

As part of its business, Zweig-DiMenna processes, stores and transmits large amounts of electronic information, including information relating to the transactions of Clients and personally identifiable information of Investors. Zweig-DiMenna has procedures and systems in place to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to Zweig-DiMenna may be susceptible to compromise, leading to a breach of Zweig-DiMenna's network. Zweig-DiMenna's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services provided by Zweig-DiMenna to the Investors may also be susceptible to compromise.

The loss or improper access, use or disclosure of Zweig-DiMenna's or the Clients' proprietary information may cause Zweig-DiMenna or the Clients to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on the Clients and the Investors' investments in the Funds.

### **Item 9 – Disciplinary Information**

As a registered investment adviser, Zweig-DiMenna is required to disclose any legal or disciplinary events that would be material to a client's or prospective client's evaluation of Zweig-DiMenna's advisory business or the integrity of Zweig-DiMenna's management. Zweig-DiMenna does not have any such legal or disciplinary items to report.

### **Item 10 – Other Financial Industry Activities and Affiliations**

Zweig-DiMenna is registered with the Commodity Futures Trading Commission ("CFTC") as both a commodity pool operator and a commodity trading advisor, in order to enable the trading of commodity and/or financial futures for Zweig-DiMenna's Funds and those Managed Accounts whose investment guidelines permit the trading of commodity and/or financial futures. Zweig-DiMenna is also a member of the National Futures Association ("NFA"). Certain management persons of Zweig-DiMenna are registered with the NFA as associated persons of Zweig-DiMenna.

Watermark Securities, Inc. ("Watermark Securities") is a broker-dealer of which Joseph DiMenna, the Director and principal owner of Zweig-DiMenna, is the principal shareholder. Certain management persons of Zweig-DiMenna are registered representatives associated with Watermark Securities. As discussed in Item 12 – Brokerage Practices, Zweig-DiMenna, on behalf of the Funds and other Clients, directs a portion of its Clients' securities transactions to Watermark Securities. For the reasons discussed in Item 12, Zweig-DiMenna does not believe that the use of Watermark Securities represents a material conflict of interest for the Clients of Zweig-DiMenna.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Zweig-DiMenna has adopted a Code of Ethics (“Code”) pursuant to Rule 204A-1 under the Advisers Act that is applicable to employees of Zweig-DiMenna (“Employees”). The Code requires Employees to exercise their authority and responsibility for the benefit of Clients and to refrain from activities that may conflict with the interests of Clients. The Code contains policies and procedures that, among other things:

- Prohibit trading on the basis of material non-public information;
- Prohibit Employees from taking personal advantage of opportunities belonging to Clients;
- Place limitations on personal trading by Employees and impose preclearance and quarterly and annual reporting obligations with respect to such trading;
- Impose standards of business conduct for all Employees;
- Require the distribution of the Code (and any amendments) to Employees and require Employees to provide a written acknowledgment of their receipt thereof; and
- Require the reporting and review of Employees’ personal securities transactions.

Zweig-DiMenna’s Chief Compliance Officer monitors compliance with these and all other aspects of the Code.

Zweig-DiMenna will provide a copy of the Code to a Client or prospective Client upon request by telephoning Zweig-DiMenna at 212-451-1100.

Zweig-DiMenna may solicit Clients to invest in Funds for which Zweig-DiMenna serves as general partner or investment manager. Zweig-DiMenna and/or its Employees may own an interest in such Funds. Additionally, because certain of the Funds for which Zweig-DiMenna acts as general partner or investment manager may invest in other Funds for which Zweig-DiMenna acts as general partner or investment manager, Zweig-DiMenna may be deemed to be recommending to such Fund Clients that they buy securities in which Zweig-DiMenna has a financial interest and/or securities that Zweig-DiMenna also buys for

itself (i.e., securities in other Funds). In this case, such Funds will not bear a double-layering of asset-based fees or performance-based fees or allocations in connection with their investment in other Funds, but will bear their share of the other Funds' expenses.

Zweig-DiMenna generally does not (i) engage in principal transactions with its Clients; (ii) cause principal trades to be effected between its affiliates and its Clients; (iii) effect agency cross transactions; or (iv) engage in cross trades. If Zweig-DiMenna were to consider engaging in any such transactions, Zweig-DiMenna's Chief Compliance Officer or General Counsel would review such potential transaction to assure that it achieves best execution and is priced fairly as well as that no Client is disadvantaged by the trade. Principal trades, agency cross transactions and cross trades would be permitted if Client consent has been obtained in accordance with the requirements of the Advisers Act and the rules adopted thereunder.

From time to time, Employees may seek to buy or sell the same securities at or about the same time as the Funds. This practice can create a conflict of interest because Employees may have an incentive to trade to benefit themselves ahead of Clients. Zweig-DiMenna addresses this conflict by having a policy against any fraudulent practice or conflict of interest in connection with the purchase or sale of securities for an Employee's account. In addition, Employees are subject to personal trading restrictions, including (i) a pre-clearance requirement, (ii) a holding period requirement, and (iii) a holdings and transaction disclosure requirement. Exceptions may only be granted with written approval from Zweig-DiMenna's Chief Compliance Officer. These policies and procedures on personal trading are designed to prevent Employees from trading contemporaneously with client transactions in a manner that causes Zweig-DiMenna to breach its fiduciary obligations to its Clients.

## **Item 12 – Brokerage Practices**

### **Best Execution**

In selecting brokers to execute transactions for its Clients, Zweig-DiMenna seeks the best overall terms available based on a variety of factors, including: the ability to achieve prompt and reliable executions



at favorable prices; the operational efficiency with which transactions are effected; the competitiveness of commission rates; the borrowing terms available from the broker; the financial strength, integrity and stability of the broker; the extent to which the use of the broker is viewed as maintaining the confidentiality of the trading for Zweig-DiMenna's Clients and as limiting market impact; and brokerage and research products and services furnished to Zweig-DiMenna. Zweig-DiMenna has formed a Best Execution Committee, which meets quarterly, to review Zweig-DiMenna's trading in light of its best execution policies and procedures.

### Use of Soft-Dollars

Zweig-DiMenna may generate soft dollars with regard to trades made on behalf of Clients. "Soft dollars" refers to the use of commissions generated on client securities transactions to purchase research and brokerage products or services (collectively, "research") eligible under the safe harbor of Section 28(e) of the Securities Exchange Act of 1934, as amended. Brokerage rates do not separately identify the execution and, if applicable, research components. Zweig-DiMenna believes that research from brokers adds value to Zweig-DiMenna's investment process and investment decisions and, therefore, research is beneficial to all Client Accounts. While the receipt of research does not necessarily reduce Zweig-DiMenna's normal research activities, Zweig-DiMenna's expenses could increase materially if Zweig-DiMenna attempted to generate additional information and services through its staff. Research that Zweig-DiMenna obtained through "soft dollar arrangements" in the past year include (i) market data, from vendors such as Bloomberg and (ii) proprietary research from brokers or third party consultants, which may be written, oral or electronic. Research products may also include, among other things, permitted computer databases and quotation software, in each case, to access research or which provide research directly, other software, certain financial publications, databases and certain other technical services utilized in the investment management process. Research may be provided in an electronic, written or oral format. Zweig-DiMenna's policy is to enter only into soft dollar arrangements that are within the "safe harbor" of Section 28(e) of the Securities Exchange Act of 1934.

If Zweig-DiMenna determines that the commissions paid by Clients are reasonable in relation to the research provided by a particular broker viewed in terms of the specific transactions or Zweig-DiMenna's responsibilities for all Client Accounts, Zweig-DiMenna may utilize such broker even though the commissions paid may be higher than those charged by other brokers who did not provide the research. Zweig-DiMenna regularly monitors and evaluates the placement of brokerage and the reasonableness of commissions paid. However, Zweig-DiMenna is not obligated to solicit competitive bids or seek the lowest available commission costs.

The receipt and use of research creates various conflicts of interest. When Zweig-DiMenna uses Client brokerage commissions to obtain research or other products or services, Zweig-DiMenna receives a benefit because Zweig-DiMenna does not have to produce or pay for the research or other products or services. Consequently, Zweig-DiMenna may have an incentive to select or recommend brokers-dealers based on its interest in receiving research or other products or services, rather than on its Clients' interest in receiving most favorable execution. When research is received, Clients may pay commissions higher than those charged by other brokers-dealers (from or through whom such research was not received) in return for the soft dollar benefits received. Whenever possible, Zweig-DiMenna negotiates substantial discounts on brokerage commissions, but these may be less than would be available without the soft dollar arrangement. Zweig-DiMenna may use research to service all of its Client Accounts and not just the Client Accounts whose transactions paid for them. Moreover, it is possible that the accounts whose transactions generate brokerage commissions that are used to pay for research may not benefit in any way from them while accounts that did not pay for the research may benefit from such items. Zweig-DiMenna does not expect, however, that such a situation would frequently arise, because most Clients' Accounts have substantially the same investment strategy and, as discussed in Item 6 above and in this Item 12 below, Zweig-DiMenna's general policy is to allocate purchase or sale opportunities to all applicable Clients.

Zweig-DiMenna has a formal approval process for the addition of any new soft dollar service. Information relating to the proposed soft dollar

service is provided to a portfolio manager and Zweig-DiMenna's Treasurer for their review and approval.

The Best Execution Committee reviews all soft dollar arrangements, and evaluates the amounts paid, the reasonableness of the cost, the type of service provided, the usage of the service provided and whether the services are in the best interests of Clients. As part of its review, the Best Execution Committee will assess any potential conflicts of interest. In addition, Zweig-DiMenna's Chief Compliance Officer meets on at least a quarterly basis with the Best Execution Committee, at which time any soft dollar matters that arise are addressed. At least annually, the Treasurer will review all existing soft dollar arrangements and proposed fee changes, and prepare a soft dollar budget. The Best Execution Committee will review the annual soft dollar commission allocation and the annual soft dollar budget. Trading personnel will also review the annual soft dollar budget.

#### *Directed Brokerage*

Subject to the considerations described above in this Item 12, Zweig-DiMenna directs a portion of its securities transactions to Watermark Securities, a broker-dealer of which Joseph DiMenna, the Director and principal owner of Zweig-DiMenna, is the principal shareholder. Watermark Securities will receive compensation in the form of commissions for these trade execution services. Zweig-DiMenna believes that the use of Watermark Securities may help to maintain the confidentiality of the trading for Zweig-DiMenna's Clients while limiting market impact. As a shareholder of Watermark Securities, Joseph DiMenna will receive a financial benefit from the securities business of Watermark Securities, including the security transactions effected for Zweig-DiMenna's Clients. This compensation should be considered as compensation to Zweig-DiMenna (and its beneficial owners) when determining the overall compensation paid to them. See Item 5 above. In addition, other persons associated with Zweig-DiMenna are associated with Watermark Securities.

The use of Watermark Securities to execute transactions for Zweig-DiMenna's Clients raises conflicts of interest for Zweig-DiMenna's management persons and Zweig-DiMenna because the commissions

described above may provide an incentive for Zweig-DiMenna to direct transactions for Zweig-DiMenna's Clients to Watermark Securities rather than direct trades to other brokers. Moreover, the fact that Zweig-DiMenna directs transactions for Zweig-DiMenna's Clients for execution to Watermark Securities may create a disincentive on Zweig-DiMenna's part to negotiate lower commissions from other brokers to the extent that such brokers' commissions might be less than the commissions charged by Watermark Securities. However, Zweig-DiMenna believes that this conflict of interest is addressed in part by the compensation structure which incentivizes Zweig-DiMenna to focus on purchase and sale decision making and other portfolio management decisions to achieve capital appreciation, as opposed to generating commissions on trades. In addition, Zweig-DiMenna monitors through its Best Execution Committee that Clients receive best execution for trades executed through Watermark Securities.

For Managed Accounts, Zweig-DiMenna will generally accommodate a Client's request that a particular broker be used to effect transactions for that Client's Account. Clients who have so directed that Zweig-DiMenna use a particular broker to effect transactions for its Client Account are advised that such a direction of brokerage may result in their receiving less favorable execution in certain transactions, paying higher prices, or in their paying higher transaction costs either in individual transactions or in the aggregate, because that broker would be used regardless of that broker's execution capabilities or the execution opportunities available in the market place with respect to particular transactions. In addition, trades for these directed Client Accounts may not be aggregated with, and may not be effected at the same time or the same price as, the trades for other Clients. It is also possible that directed brokerage clients may at times miss limited opportunity investments in which other clients were able to invest by participating in the aggregated trade, and conversely it is possible that at times participation in the aggregate trade could result in those non-directed Client Accounts missing limited opportunity investments in which directed brokerage clients were able to invest. Zweig-DiMenna does not believe, however, that missing a limited opportunity investment would be a frequent occurrence.

### Aggregated Trading and Trade Allocations

Because Zweig-DiMenna's Clients often seek to buy and sell the same investments, Zweig-DiMenna generally aggregates purchases and sales of investments for its Clients, including Client Accounts in which Zweig-DiMenna's management persons or Employees may have a substantial ownership interest ("Affiliated Accounts"). Zweig-DiMenna executes aggregated transactions in a manner designed that no Client (including Affiliated Accounts) is favored over any other Client. All eligible Clients generally participate in the aggregated purchases or sales according to a pre-determined allocation order established for each participating Client and each Client bears the transaction costs *pro rata* based on the percentages allocated to them in the order. Opportunities may be allocated on a pre-determined basis among Client taking into the size of the Client Account, Client Account strategies, concentration limits and imbalances, liquidity requirements, tax and regulatory concerns or restrictions, and, for new Clients asset allocation "catch up" needs. If an order is not completely filled and, therefore, it is only a partial sale or purchase, the allocation of securities to the Client Accounts for that partially filled order will still be based on the percentages provided in the initial order. To the extent that it is only a partial sale or purchase, a conflict of interest may occur since the Client Accounts that are not Affiliated Accounts will receive a smaller allocation than it would have received if the Affiliated Accounts had not participated in the partial sale or purchase. Zweig-DiMenna does not believe, however, that a partial sale or purchase would be a frequent occurrence.

All portions of an aggregated trade executed through one or more broker-dealers will be allocated on a pre-determined basis at the average price obtained by the broker-dealers on that day. If multiple broker-dealers are used to execute the entire aggregated trade and it is not practical to give each Client Account the average price, then a separate pre-determined allocation will be made for each portion of the trade obtained at different broker-dealers at the average price obtained from each of the broker-dealers.

There will be times when a Client's investment guidelines or restrictions or directed brokerage or custodial requirements will preclude a Client's participation in an aggregated order. In that event, trades for the Client not participating may not be effected at the same time or the same price

as the trades for other Clients (see also above in this Item 12 under "Directed Brokerage").

### Brokerage for Client Referrals

As described below in Item 14, Zweig-DiMenna may, from time to time, enter into arrangements with third-parties for marketing and solicitation activities in respect of Zweig-DiMenna and the Funds. These third-party marketing efforts may include capital introduction services provided by one or more of the prime brokers Zweig-DiMenna uses for its Clients. This practice creates a conflict of interest in that Zweig-DiMenna and its related persons may have an incentive to select or recommend a prime-broker based on Zweig-DiMenna's or its related persons' interest in receiving capital introduction services, rather than on Clients' interests in receiving most favorable execution. In such cases, the prime-broker would not receive any additional compensation from Zweig-DiMenna for providing capital introduction services. As part of its review, Zweig-DiMenna's best execution committee monitors the execution by prime brokers that provide capital introduction services. Zweig-DiMenna selects and uses its prime brokers without consideration of any capital introduction services.

### Trade Errors

While it is the policy of Zweig-DiMenna to be careful in making and implementing investment decisions on behalf of Client Accounts, trade errors may occur from time to time. A trade error may include, but not be limited to, (1) the failure to place a portfolio manager's order to purchase or sell securities as intended, such as by transacting in the wrong securities or for the wrong amount, or (2) a purchase or sale of securities prohibited by the Managed Account's Managed Account Agreement investment advisory contract or a Fund's governing documents. To the extent that any trade errors occur, it is Zweig-DiMenna's policy to correct them promptly. In the case of the Funds and Managed Accounts that have a gross negligence standard for Zweig-DiMenna's management of the Fund or Client Account, as the case may be, Zweig-DiMenna's Trade Errors Committee ("TEC"), composed of the General Counsel, Chief Compliance Officer, Risk Officer and Director of Operations, which convenes on as needed basis, shall determine

whether any trade error has resulted from gross negligence on Zweig-DiMenna's part. If the TEC can not reach a conclusion as to whether the trade error has resulted from gross negligence on Zweig-DiMenna's part, then outside counsel shall make such determination. In the absence of gross negligence by Zweig-DiMenna, losses from trade errors will be borne fully by the affected Clients. In the case of separately managed Client Accounts that do not have a gross negligence standard, Zweig-DiMenna will generally bear the cost of correcting any trade error that it causes in such a Client Account. It is therefore possible that some Clients will bear the loss of a trade error while other Clients will not bear such loss.

### **Item 13 – Review of Accounts**

Zweig-DiMenna's Risk Officer reviews Clients' portfolio performance throughout the trading day and employs various analytical tools to review the statistical performance of Client portfolios. Zweig-DiMenna monitors daily detailed data on risk parameters, including industry and sector concentrations, long/short/net portfolio exposure percentages and proprietary, in-house developed parameters. The Trading Department confirms that trades process properly and reviews the portfolio daily to check position detail. The Operations Department reviews and reconciles daily trade reports, trade confirms, position reports, and profit and loss reports to confirm that all trades were processed properly. The daily position reports detail quantity, cost, market value, percentage weighting and cash balances.

In addition, each Client Account will be reviewed on a periodic basis by the Chief Compliance Officer or Risk Officer, with the assistance of portfolio managers, if necessary, to determine whether the Account is being managed in a manner that is consistent with the Client's investment objectives, guidelines and/or restrictions, as communicated to Zweig-DiMenna, or in the case of Funds, in a manner that is consistent with each Fund's governing documents. Furthermore, periodically, but not less frequently than semi-annually, the Risk Officer, with the assistance of portfolio managers, if necessary, will compare the performance of a Managed Account with that of any Funds or other Managed Accounts that have substantially similar investment objectives, guidelines and restrictions. The Risk Officer will report any

unexplained significant discrepancies to senior management to determine appropriate action.

Zweig-DiMenna sends written periodic performance statements to Investors in the Funds that are domiciled within the United States on a quarterly or more frequent basis. For the Funds domiciled outside the United States the Funds' administrator sends written periodic performance statements to Investors in such Funds on a quarterly or more frequent basis. Annually, Zweig-DiMenna sends audited financial statements to Investors in Funds domiciled within the United States. Annually, the administrator sends audited financial statements to Investors in the Funds domiciled outside the United States.

Zweig-DiMenna sends Managed Account Clients such reports, if any, as may be required under the terms of the relevant Managed Account Agreement.

#### **Item 14 – Client Referrals and Other Compensation**

Zweig-DiMenna does not receive an economic benefit from any person who is not a Client for providing investment advice or other advisory services to Clients of Zweig-DiMenna.

Zweig-DiMenna may, from time to time, enter into arrangements with third-parties for marketing and solicitation activities in respect of Zweig-DiMenna and the Funds. Solicitation arrangements may create conflicts of interests for Zweig-DiMenna and/or the third-parties because the third-parties receive compensation for introductions regardless of the merit of the Funds and/or Managed Accounts. Zweig-DiMenna seeks to address these conflicts by only paying these third-parties out of its own management fee and/or performance fees. Zweig-DiMenna also seeks to address these conflicts by fully disclosing the referral arrangement to all introduced Investors and/or Managed Account Clients, in advance of the establishment of any investment relationships, to enable such Investors and/or Managed Account Clients to make informed decisions in connection with their investment relationships.



If Zweig-DiMenna pays a cash fee to anyone for soliciting Managed Account Clients on its behalf, Zweig-DiMenna will comply with the requirements of the SEC's cash solicitation rule. This rule requires a written agreement between the investment adviser and the person soliciting clients on its behalf. The rule also requires that an unaffiliated solicitor provide a disclosure document to the potential client at the time that the solicitation is made. As required by the rule, Zweig-DiMenna will not engage another person to solicit Managed Account Clients on its behalf if that person has been subject to securities regulatory or criminal action within the preceding ten years.

### **Item 15 – Custody**

Zweig-DiMenna acts as general partner or investment manager of the Funds and is authorized under certain of the Funds' governing documents to deduct a performance fee or allocation from each Investor's account. Therefore, Zweig-DiMenna may be deemed to have custody of the assets for the Funds, for purposes of the SEC's custody rule. Accordingly, to meet the requirements of the custody rule, the Funds are subject to an annual audit in accordance with generally accepted accounting principles conducted by an independent public accountant registered with the Public Company Accounting Oversight Board and the audited financial statements are distributed to Investors in the Funds within 120 days of the Funds' fiscal year end.

Zweig-DiMenna generally does not have custody over the assets of Managed Account Clients. Managed Account Clients will receive account statements from the qualified custodian for their accounts and should carefully review those statements. Zweig-DiMenna generally does not provide statements to Managed Account Clients, except if specifically requested or in certain limited circumstances. Any Managed Account Clients who receive account statements from Zweig-DiMenna are urged to compare those statements with the account statements received from their qualified custodian.

### **Item 16 – Investment Discretion**

Zweig-DiMenna has discretionary authority over the investment activities of the Funds and Managed Accounts. In the case of Funds, this

discretionary authority is generally granted to Zweig-DiMenna pursuant to the governing documents of each Fund and/or pursuant to Zweig-DiMenna's investment management agreement with such Fund. In the case of Managed Accounts, Zweig-DiMenna is granted discretionary authority in the Managed Account Agreements. In all cases, Zweig-DiMenna is obligated to exercise its investment discretion in a manner consistent with the stated investment objectives, policies, guidelines, and any restrictions/limitations for a particular Client Account.

### **Item 17 – Voting Client Securities**

Zweig-DiMenna handles proxy voting only when its Clients provide that authority. Currently all Clients have granted such authority. If a Client wishes to vote its proxies in a manner that is different from Zweig-DiMenna's proxy voting policies and procedures, the Client must contact Zweig-DiMenna to arrange alternate procedures.

Zweig-DiMenna has entered into an agreement with Broadridge Investor Communication Solutions, Inc. for the purpose of using the ProxyEdge platform to assist in the proxy voting process. ProxyEdge allows Zweig-DiMenna to manage, track, reconcile and report proxy voting through electronic delivery of ballots, online voting, and integrated reporting and recordkeeping. Zweig-DiMenna has retained the services of Glass Lewis, & Co., LLC ("GL") for assistance in proxy voting analysis. Zweig-DiMenna has adopted proxy voting guidelines developed by GL (the "Guidelines"). Zweig-DiMenna has reviewed the Guidelines and believes that the Guidelines are based on sound theories of corporate governance and are in the best interest of Zweig-DiMenna's Clients.

Proxies of public companies are voted by the Compliance Department, generally, according to the Guidelines. Proxies for private companies are voted by Zweig-DiMenna, because GL does not give recommendations for private equity proxies. Zweig-DiMenna reserves the right to refrain from voting a proxy of a foreign issuer due to the logistical considerations associated with voting such proxies. In some instances, a proxy vote may present a conflict between the interests of a Client, on the one hand, and Zweig-DiMenna's interests on the other hand (a "Client Conflict"). The Guidelines are designed to address Client

Conflicts by providing pre-established guidelines on how to vote. Where GL does not give a recommendation on a particular issue or on the proxies of a particular company or Zweig-DiMenna does not wish to vote in accordance with what GL recommends, the manner in which Zweig-DiMenna will vote will be determined by Zweig-DiMenna's Chief Compliance Officer in the best interests of the Client whose account owns the underlying security.

Upon request, a Client may obtain information about how Zweig-DiMenna voted its securities and a copy of Zweig-DiMenna's proxy voting policy and procedures by telephoning Zweig-DiMenna at 212-451-1100.

### **Item 18 – Financial Information**

This item requires disclosure of any financial condition that is reasonably likely to impair Zweig-DiMenna's ability to meet contractual commitments to clients. Currently, there is no financial condition that is reasonably likely to impair Zweig-DiMenna's ability to meet contractual commitments to Clients.