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# Firm Brochure

One East Capital Advisors L.P.

(Name of investment adviser)

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(Principal business address)

(212) 230-4510

(Business telephone)

February 15, 2012

(Date of brochure)

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This brochure provides information about the qualifications and business practices of One East Capital Advisors, L.P. (the “Investment Manager”). If you have any questions about the contents of this brochure, please contact the Investment Manager at the telephone number listed above. 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 the Investment Manager also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2 – Material Changes**

Not applicable. This brochure is the initial brochure for One East Capital Advisors, LP.

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## **Item 4 – Advisory Business**

### ***The Investment Manager***

One East Capital Advisors, L.P. (the “Investment Manager” or the “Registrant”) was founded in April 2006. In July 2006, the Investment Manager began providing investment advisory services on a discretionary basis to One East Partners International, Ltd., a Cayman Islands exempted company (the “Offshore Fund”), One East Partners Master, L.P., a Cayman Islands exempted limited partnership (the “Master Fund”), and to One East Partners, L.P., a Delaware limited partnership (the “Domestic Fund”). The Domestic Fund and the Offshore Fund invest substantially all of their assets through a “master-feeder” structure in the Master Fund. The Domestic Fund, the Offshore Fund and the Master Fund may collectively be referred to as the “Funds.”

One East Partners Capital Management LLC is an affiliate of the Investment Manager and serves as the general partner of the Onshore Fund and the Master Fund (the “General Partner”). The General Partner is not registered with the Securities and Exchange Commission (the “SEC”) as an investment adviser; however, all investment advisory activities are subject to the Investment Advisers Act of 1940, as amended (the “Advisers Act”) and the rules thereunder, and any individuals acting on behalf of the General Partner are subject to the supervision and control of the Investment Manager in connection with such investment advisory activities.

James Cacioppo is responsible for managing and implementing an investment program for the Funds. Mr. Cacioppo leads a team of other investment professionals, including investment analysts and research staff, that assist the Investment Manager in managing the Funds’ investment programs. Other personnel of the Investment Manager may be appointed in the future to assist in the management of the Funds’ investment programs.

As of January 31, 2012, the Investment Manager managed \$226,424,000 in assets on a discretionary basis. The Investment Manager does not manage assets on a non-discretionary basis.

### ***Principals of the Investment Manager***

*James Cacioppo, Managing Partner and Portfolio Manager.* Prior to co-founding the Investment Manager, Mr. Cacioppo was president and co-portfolio manager of Sandell Asset Management (“Sandell”) and its affiliate fund, Castlerigg Master Investments (“Castlerigg”) from July 2002 to January 2006. From January 2000 to July 2002, he was principal and director of research at Sandell and Castlerigg where he managed all aspects of the research and investing of a multi-billion dollar event portfolio. From 1998 to 2000, Mr. Cacioppo was the co-head of distressed debt research at Halcyon Management (“Halcyon”) where he was responsible for managing a significant portion of the distressed and credit portfolios. From June 1995 to 1998, Jim was a senior analyst responsible for all research related aspects of the investment program including risk arbitrage, event and special situation equities and distressed debt at Halcyon. From 1989 to 1995, he was a vice president or associate in the investment banking departments of Smith Barney, Bankers Trust and Wasserstein Perella where he had significant transaction experience in mergers and acquisitions, initial public and secondary offerings of equity, leveraged finance, private equity, and other corporate finance activities. He received his MBA

from Harvard Business School and his Bachelor of Arts degree from Colgate University. Mr. Cacioppo is 49 years old.

*Scot Reid, President and Partner.* Scott Reid is President and Partner of the Investment Manager. Prior to working for the Investment Manager, Scott worked at Auda International L.P., a fund of funds, for over 10 years where he was a partner, member of the Executive Committee and held primary responsibility for their hedge fund of fund's business. While at Auda, Scott was responsible for managing investment allocations and headed the investment committee. Prior to Auda, Scott worked in emerging market equity sales and trading. Scott holds a BA in International Relations from the University of Virginia, and an MA in International Economics from the Johns Hopkins School of Advanced International Studies.

*Sina Toussi, Partner, General Counsel, and Chief Compliance Officer.* Sina is a Partner, General Counsel, and Chief Compliance Officer of the Investment Manager. Mr. Toussi has been working with the Investment Manager since inception in June 2006, initially as the General Counsel and Chief Compliance Officer and now as a Partner. Prior to joining One East, Sina was a senior associate at Skadden, Arps, Slate, Meagher & Flom, from 1997 to 2002 and from 2003 to 2006. At Skadden he represented U.S. and international corporations in structuring and negotiating a wide variety of corporate transactions. His practice included working on complex restructurings, negotiated mergers and acquisitions, private transactions, exchange offers, and equity and debt offerings. He also represented large private equity investors in various acquisitions both in and out of bankruptcy. From April 2002 to March 2003, he worked at MacAndrews & Forbes Holdings as vice president and special counsel to the chairman, where he supervised legal and corporate matters affecting the chairman and holding company. From 1994 to 1997, he was a litigation associate at Willkie Farr & Gallagher. He received his J.D. from Columbia University Law School and his Bachelor of Arts degree from Cornell University. Mr. Toussi is 43 years old.

*Alan Gomez, Chief Financial Officer.* Alan is Chief Financial Officer of the Investment Manager. He joined the Investment Manager in 2007 and prior to his current role served as the firm's controller. Before One East Alan was a senior associate at Citigroup's Tribeca Hedge Fund and at DB Zwirn & Co. From 2001 to 2006 Alan was based in London, UK and worked in investment accounting and consulting roles at Citigroup Global Credit Structures, Fidelity Investments, F&C Investment Management and Schroder Asset Management. From June 1996 to July 2001 he was based in Sydney, Australia and was the accounting team leader at Ipac Securities, a financial planning firm. He received his CPA designation in Australia and received his Bachelor of Business degree in Accounting and Management from the University of Wollongong (Sydney, Australia). Mr. Gomez is 36 years old.

## **Item 5 – Fees and Compensation**

The Investment Manager receives annual management fees of 2.0% for Class A Shares of the Offshore Fund, 2.0% for Series A Interests in the Domestic Fund, 1.5% for Class B Shares of the Offshore Fund, and 1.5% for Series B Interests of the Domestic Fund. The management fee is calculated quarterly and is payable in advance with respect to all Shares/Interests of the Funds.

The Investment Manager receives performance fees (or performance allocations, as applicable) of 20.0% with respect to Class A Shares of the Offshore Fund, 20.0% with respect to Series A Interests of the Domestic Fund, 18.0% with respect to Class B Shares of the Offshore Fund, and 18.0% with respect to Series B Interests of the Domestic Fund. Performance fees/allocation are calculated and paid at the end of the fiscal year or at the redemption date if an investor withdraws during the year. Generally, fees are not negotiable.

Each of the Funds bears its own operational expenses, including, without limitation, their pro rata share of investment research expenses, including consulting and legal fees related to investment research, investment related due diligence expenses excluding travel and lodging of personnel of the Investment Manager; and all trading costs and expenses including interest expenses, custody fees, bank charges, brokerage commissions, clearing and settlement costs, initial and variation margin, spreads, short dividends, and currency hedging costs. Expenses for research-related products and services may be paid through “soft dollars” generated by the Fund. For a discussion of the Investment Manager’s brokerage practices, please see Item 12.

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

As discussed in Item 5 above, the Investment Manager will receive a performance-based fee based upon the appreciation, if any, in the net asset value of each of the Funds. As a result, the Investment Manager may have a conflict of interest between its responsibility to manage the Funds’ investment portfolios and its interest in maximizing the performance-based fee. For example, the performance-based fee may create an incentive for the Investment Manager to make investments that are riskier or more speculative than would be the case if such arrangement were not in effect. In addition, the performance-based fees are not the product of an arm’s length negotiation with any third party, and, because they are calculated on a basis which includes unrealized appreciation of the Funds’ assets, it may be greater than if such compensation were based solely on realized gains.

#### **Item 7 – Types of Clients**

Each of the Domestic Fund and the Offshore Fund are private investment funds. Each Fund relies on the exclusion from the definition of “investment company” provided by Section 3(c)(7) of the Investment Company Act of 1940. The minimum initial capital contribution for each of the Funds is \$5 million for institutional investors and \$1 million for individual investors, subject to the discretion of the Investment Manager or General Partner to accept lesser amounts or establish different minimums in the future.

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

##### ***Methods of Analysis and Investment Strategies***

The investment objective of the Investment Manager is to seek to achieve superior risk-adjusted returns by applying a multi-disciplinary approach to corporate event and value investing that includes a focus on all aspects of the capital structure. The Investment Manager expects to focus the majority of its resources on investments in North America, Europe and other developed markets. The strategies employed by the Investment Manager may include (among others) the

following: distressed debt, capital structure arbitrage, high-yield and high-grade bonds, par bank loans, long/short event driven debt and equity, value equities, fundamentally driven long/short strategies, and post-reorganization securities.

The Investment Manager will invest using a variety of instruments, including (without limitation) the following: equities (listed, unlisted, domestic, foreign, American Depositary Receipts and preferred); secured and unsecured debt (both corporate and sovereign, bank loans, vendor claims and other legal and/or contractual claims); convertible bonds and preferred; derivative instruments, including listed and over-the-counter, swaps and other equity and fixed income-related instruments; contracts for differences; mortgage backed securities and other similar instruments; currencies; commodities; and real estate investment trusts (REITs).

### ***Risks Relating to the Investment Manager's Investment Strategy***

The Investment Manager's investment program is speculative and may entail substantial risks. Since market risks are inherent in all securities investments to varying degrees, there can be no assurance that the Funds' investment objectives will be achieved. In fact, certain investment practices described above can, in some circumstances, potentially increase the adverse impact on the Funds' investment portfolios.

The following list of risk factors relates only to the Investment Manager's investment strategy and does not purport to be a complete enumeration or explanation of the risks involved in an investment in any of the Funds, including the general business and regulatory risks of investment in private investment funds, operational risks, general market risks, general credit risks, liquidity risks, or other risks.

*Investments in Distressed Securities.* The Investment Manager expects to invest in "below investment grade" securities and obligations of U.S and non-U.S. issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth or facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. These securities are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate or disenfranchise particular claims. Such companies' securities may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies.

In addition, there is no minimum credit standard that is a prerequisite to the Investment Manager's investment in any instrument, and a significant portion of the obligations and preferred stock in which the Investment Manager invests may be less than investment grade. Any one or all of the issuers of the securities in which the Investment Manager may invest may be unsuccessful or not show any return for a considerable period of time. The level of analytical

sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that the Investment Manager will correctly evaluate the value of the assets collateralizing the Investment Manager's loans or the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which the Investment Manager invests, the Investment Manager may lose its entire investment, may be required to accept cash or securities with a value less than the Investment Manager's original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from the Investment Manager's investments may not compensate investors adequately for the risks assumed. In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Investment Manager of the security in respect to which such distribution was made.

*Debt Securities.* The Investment Manager expects to invest in private and government debt securities and instruments. It is likely that many of the debt instruments in which the Investment Manager invests may be unrated, and whether or not rated, the debt instrument may have speculative characteristics. The issuers of such instruments (including sovereign issuers) may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal. Such instruments are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions. In addition, an economic recession could severely disrupt the market for most of these securities and may have an adverse impact on the value of such instruments. It is also likely that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

*Event Driven Strategy Risk.* If and when the Investment Manager determines that it is probable that a proposed transaction will be consummated, the Investment Manager will purchase securities at prices often only slightly below the anticipated value to be paid or exchanged for the securities in the proposed merger, exchange offer, cash tender offer or other similar transaction. The purchase price to the Investment Manager may be substantially above the prices at which such securities traded immediately prior to the announcement of such merger, exchange offer, cash tender offer or other similar transaction. If the proposed merger, exchange offer, cash tender offer or other similar transaction appears likely not to be consummated or in fact is not consummated or is delayed, the market price of the security to be tendered or exchanged may, and likely will, decline sharply by an amount greater than the difference between the Investment Manager's purchase price and the anticipated consideration to be paid. In addition, where a security to be issued in a merger or exchange offer has been sold short in the expectation that the short position will be covered by delivery of such security when issued, failure of the merger or exchange offer to be consummated may force the Investment Manager to cover its short sale, with a resulting, and perhaps significant, loss. In addition, if the Investment Manager determines that the offer price for a security which is the subject of a tender offer is likely to be increased,



either by the original bidder or by another party, the Investment Manager may purchase securities above the offer price, thereby exposing the Investment Manager to an even greater degree of risk of loss.

Where the Investment Manager determines that it is probable that a transaction will not be consummated, the Investment Manager may sell the securities of the target company short, at times significantly below the announced tender or offering prices for the securities in the transaction. If the transaction (or another transaction, such as a “defensive” merger or a “friendly” tender offer) is consummated at the announced price or a higher price, the Investment Manager may be forced to cover the short position in the market at a higher price than the short sale price, with a resulting, and perhaps significant, loss.

The consummation of mergers, exchange offers, cash tender offers or other similar transactions can be prevented or delayed by a variety of factors. An exchange offer or a cash tender offer by one company for the securities of another will often be opposed by the management or shareholders of the target company on the grounds that the consideration offered is inadequate or for a variety of other reasons, and this opposition may result in litigation which may significantly delay or prevent consummation of the transaction by alleging, among other things, that the offering material supplied by the offeror contains inadequate, false or misleading disclosures, that the offeror has, by its activities in connection with the offer, violated federal and/or state securities or takeover laws, or that the proposed acquisition would violate federal antitrust laws, margin regulations or other statutes or regulations. Even if the business terms and other relevant matters necessary to consummate the transaction have been agreed upon by the management of the companies involved, the consummation of such transaction may be prevented by the intervention of a government regulatory agency which might have regulatory power over the companies or the transaction (such as, in the case of a U.S. issuer, the U.S. Securities and Exchange Commission (“SEC”), the Antitrust Division of the U.S. Department of Justice or the U.S. Federal Trade Commission), litigation brought by a shareholder or, in the case of a merger, the failure to receive the necessary shareholder approvals, market conditions resulting in material changes in securities prices, and other circumstances, including, but not limited to, the failure to meet certain conditions customarily specified in acquisition agreements. Even if the defensive activities of a target company or the actions of regulatory authorities fail to defeat a transaction, such activities may cause significant delays, during which the Investment Manager's capital will be committed to the transaction and interest charges on any funds borrowed to finance the Investment Manager's activities in connection with the transaction may be incurred. Offerors in tender or exchange offers customarily reserve the right to cancel such offers in the above and a variety of other circumstances, including an insufficient response from shareholders of the target company.

*Non-U.S. Investments.* The Investment Manager may invest in financial instruments of non-U.S. corporations and governments. Investing in the financial instruments of companies (and, from time to time, governments) outside of the United States involves certain considerations not usually associated with investing in financial instruments of U.S. companies or the U.S. Government, including political and economic considerations, such as greater risks of expropriation, nationalization, confiscatory taxation, limitations on the removal of assets and general social, political and economic instability; the relatively small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; the evolving and unsophisticated laws and regulations applicable to the

securities and financial services industries of certain countries; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict the Investment Manager's investment opportunities. In addition, accounting and financial reporting standards that prevail outside of the U.S. generally are not as high as U.S. standards and, consequently, less information is typically available concerning companies located outside of the U.S. than for those located in the U.S. As a result, the Investment Manager may be unable to structure its transactions to achieve the intended results or to mitigate all risks associated with such markets. It may also be difficult to enforce the Investment Manager's rights in such markets. For example, financial instruments traded on non-U.S. exchanges and the non-U.S. persons that trade these instruments are not subject to the jurisdiction of the SEC or U.S. Commodity Futures Trading Commission ("CFTC") or the securities and commodities laws and regulations of the U.S. Accordingly, the protections afforded to the Investment Manager under such laws and regulations are unavailable for transactions on foreign exchanges and with foreign counterparties.

*Emerging Markets.* The Investment Manager may invest up to 15% of Investment Manager assets measured at cost at time of investment in developing markets in Latin America and emerging Europe. Investment in emerging market securities involves a greater degree of risk than an investment in securities of issuers based in developed countries. Among other things, emerging market securities investments may be subject to the following risks: less publicly available information; more volatile markets; less liquidity or available credit; political or economic instability; less strict securities market regulation; less favorable tax or legal provisions; price controls and other restrictive governmental actions; a greater likelihood of severe inflation; unstable currency; and war and expropriation of personal property. Emerging markets generally are not as efficient as those in developed countries. In some cases, a market for the security may not exist locally and transactions will need to be made on a neighboring exchange. Volume and liquidity levels in emerging markets are often lower than in developed countries. When seeking to sell emerging market securities, little or no market may exist for the securities. In addition, issuers based in emerging markets are not generally subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to issuers based in developed countries, thereby potentially increasing the risk of fraud or other deceptive practices. The quality and reliability of official data published by the government or securities exchanges in emerging markets may not accurately reflect the actual circumstances being reported. The issuers of some non-U.S. securities, such as banks and other financial institutions, may be subject to less stringent regulations than would be the case for issuers in developed countries and, therefore, potentially carry greater risk. In addition, the Investment Manager's investment opportunities in certain emerging markets may be restricted by legal limits on foreign investment in local securities or restrictions on the ability to convert currency or to take currencies out of certain countries.

Due to the foregoing risks and complications, the costs associated with investments in emerging markets securities generally is higher than for securities of issuers based in developed countries. In addition, economic problems in a single emerging market country are increasingly affecting other markets and economies. A continuation of this trend could adversely affect global economic conditions and world markets and, in turn, could adversely affect the Investment Manager's performance.

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

This Item requires the Investment Manager to disclose facts regarding any legal or disciplinary events that would be material to an evaluation of the Investment Manager or the integrity of its management. The Investment Manager has no information applicable to this Item.

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

One East Partners Capital Management, LLC is an affiliate of the Investment Manager and serves as the general partner of the Domestic Fund and the Master Fund, as set forth in the response to Item 4 above.

### **Item 11 – Code of Ethics**

The Registrant has adopted a Code of Ethics designed to ensure, among other things, that the personal securities transactions of the Registrant's principals, employees, and affiliates do not conflict with transactions effected on behalf of clients. The Code of Ethics is based on the principle that the Registrant and its employees owe a fiduciary duty to clients. Thus, employees of the Registrant must (i) place the interest of clients first, (ii) avoid taking inappropriate advantage of their positions within the Registrant, and (iii) conduct any personal securities transactions in full compliance with the Code of Ethics, including the preclearance of all transactions with the Chief Compliance Officer (the "CCO"). In addition, all employees are required to arrange to provide the CCO with periodic reporting of their securities transactions and disclosure of their current securities holdings within the time periods set forth in the Code of Ethics. The Registrant's Code of Ethics is available upon request by contacting Sina Toussi, Chief Compliance Officer (tel. no. 212-230-4500).

Investors may request a copy of the Code by contacting the Investment Manager at the address or telephone number listed on the first page of this brochure.

### ***Policies and Procedures to Prevent Insider Trading***

The Investment Manager maintains policies and procedures that are designed to prevent the misuse of material, non-public information (the "Insider Trading Policies"). The Investment Manager's employees are required to certify their compliance with the Code and the Insider Trading Policies at the beginning of their employment with the Investment Manager and on a periodic basis thereafter.

The Investment Manager's Insider Trading Policies prohibit the Investment Manager and its employees from (1) trading in the securities of a company (either personally or on behalf of others, including the Investment Manager's clients) while in possession of material, nonpublic information about such company, and (2) disclosing material, nonpublic information about any company to others in violation of applicable law. The Investment Manager has designed and implemented policies and procedures that are designed to shield its employees from access to material, nonpublic information so that investment decisions may be made on the basis of public information only. Accordingly, the Investment Manager may not have access to material, nonpublic information that other market participants or counterparties are eligible to receive.

Notwithstanding such policies and procedures, there may be cases in which the Investment Manager is exposed to material, nonpublic information about a company in which the Funds are invested, which may result in restrictions on the Investment Manager's ability to trade such securities on behalf of the Funds. The Investment Manager seeks to minimize the likelihood of such a situation whenever possible, but there can be no assurance that such efforts will be successful.

### ***Side Letters***

The Funds, and in certain cases the Investment Manager, have the discretion to waive or modify certain provisions as described in the offering memoranda of the Funds or grant special or more favorable rights with respect to any provision, including, without limitation, the provisions relating to fees, redemptions, transfers, notices and transparency with respect to any investor, including, without limitation, principals, members and employees (and their respective family members) of the Investment Manager and its affiliates, other investment portfolios and accounts managed by the Investment Manager and its affiliates and other select third parties.

## **Item 12 – Brokerage Practices**

### ***Best Execution***

The Investment Manager has complete discretion over the selection and amount of securities to be bought or sold without obtaining specific client consent. Brokerage transactions will be executed by brokers and dealers selected by the Investment Manager in its sole discretion on the basis of a variety of factors, including the following: net price; the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; the quality, comprehensiveness and frequency of available research services and other services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying the Registrant's other selection criteria.

Research services furnished by brokers may include both services generated internally by a broker's own research staff and services obtained by the broker from a third party research firm. Research services may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services, as well as discussion with research personnel. It may also include software, databases, and telecommunications services that are used by the Investment Manager for research purposes.

The Investment Manager is authorized to pay higher prices for the purchase of securities or accept lower prices for the sale of securities to brokerage firms that provide it with such investment and research information or to pay higher commissions to such firms if the Investment Manager determines such prices or commissions are reasonable in relation to the overall services provided. Research services provided by broker-dealers used by the Investment Manager for one client may be utilized by the Investment Manager or its affiliates in connection with its investment services for other clients.

From time to time, the Investment Manager may become a party to “soft dollar” arrangements with various brokerage firms, pursuant to which the cost of certain research and other services and products used by the Investment Manager or its affiliates is paid for with commissions generated by direct securities transactions for client accounts. The Investment Manager may use “soft dollar” credits generated by a client account to pay for services and products used by the Investment Manager or its affiliates that are unrelated to the account from which the soft dollars were generated. The Investment Manager may also enter into arrangements with brokers to use “soft dollars” to pay expenses otherwise payable by client accounts. Either of such uses of “soft dollars” would have the effect of enhancing the returns associated with such client accounts from the returns that would exist absent such uses. The Investment Manager reserves the right to change its “soft dollar” practices as provided herein.

The Investment Manager intends to use soft dollar arrangements in compliance with the safe harbor provision of Regulation 28(e) of the Securities Exchange Act of 1934. The Investment Manager will make a “good faith” determination that commissions paid to a broker-dealer are reasonable in relation to the value of the brokerage and research services provided.

### ***Capital Introduction***

From time to time, the personnel of the Investment Manager and/or its affiliates may speak at conferences and programs for potential investors interested in investing in hedge funds which are sponsored by prime brokers used by the Investment Manager. Through such “capital introduction” events, prospective investors have the opportunity to meet with the Investment Manager. Neither the Investment Manager nor any Fund compensates the prime brokers for organizing such events or for investments ultimately made by prospective investors attending such events. However, such events and other services (including, without limitation, capital introduction and business consulting services and technology) provided by a prime broker to the Investment Manager may influence the Investment Manager in deciding whether to use such prime broker in connection with brokerage, financing and other activities of the Funds.

### ***Trade Errors***

The Investment Manager’s traders may on occasion experience errors with respect to trades made on behalf of the Funds. Trade errors might include, for example, keystroke errors that occur when entering trades into an electronic trading system or typographical or drafting errors related to derivatives contracts or similar agreements. Trade errors may result in losses or gains. If there is a trading error, the Investment Manager shall seek to correct the error as soon as practicable and report to the Chief Compliance Officer. In the absence of gross negligence, or willful misconduct on the part of the Investment Manager, the Investment Manager will not be responsible for such errors. In addition, the Investment Manager will not be responsible for the errors of other persons, including third-party brokers and custodians, unless otherwise expressly agreed to by the Investment Manager. Trades that are simply misallocated to the wrong account (“trade misallocations”) and are discovered prior to the settlement date, shall be reallocated to the originally intended account at the price of the original trade. If an error (other than a trade misallocation) is discovered on the trade date or thereafter, the trade shall be broken, if possible. If the executing broker cannot break the trade, the error should be reported to the Chief Compliance Officer, who will investigate the matter and determine an appropriate resolution.

After a complete investigation and evaluation of the circumstances surrounding an error, the Chief Compliance Officer has discretion to resolve a particular error in a manner other than specified in these procedures. Broker-dealers may not be permitted to assume responsibility for trading error losses caused by the Investment Manager, nor may there be any reciprocal arrangements with respect to the trade in question or any other trade(s) to encourage the broker to assume responsibility for such losses. In cases where the error is attributable to the broker or other third party, adequate records of the trade and its correction must be maintained together with an indication in such records of the reason for such correction (e.g., “broker error.”)

### **Item 13 – Review of Accounts**

The portfolio accounts of the Funds are reviewed on a daily basis by the Investment Manager’s (1) Portfolio Manager, (2) Chief Financial Officer, and (3) other investment and middle/back office employees. More detailed reviews are conducted by these personnel on a weekly and monthly basis. The Funds undergo an annual audit by PricewaterhouseCoopers. The Investment Manager’s fund administrator also independently confirms pricing, valuation, and fee calculations on a monthly basis.

Investors in the Funds receive (1) monthly performance estimates, (2) monthly capital account statements directly from the fund administrator; (3) monthly reports that include details regarding asset class and geographic exposure, and leverage; (4) quarterly investor letters that provide a narrative description of the events of the previous quarter; and (5) annual tax reports and audited financial statements.

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

The Investment Manager may from time to time enter into agreements and arrangements to compensate organizations that refer clients to the Funds. These arrangements are intended to be in compliance with the applicable rules and regulations of the Investment Advisers Act of 1940. Details regarding the fees payable to a placement agent or other third party solicitor under any such solicitor arrangement will be set forth in a written agreement with such placement agent and, as required, disclosed to the applicable client via separate notice. Clients and investors should be aware that the receipt of compensation by a placement agent or third party solicitor may create a conflict of interest, and may affect the judgment of the placement agent or solicitor when making a recommendation for an investment with the Funds managed by the Investment Manager.

### **Item 15 – Custody**

Under Rule 206(4)-2 of the Advisers Act, the Investment Manager is deemed to have custody of the securities and other assets of each Fund even though the Investment Manager does not physically hold the securities and other assets, and even though such securities and assets are not held or registered in the Investment Manager’s name. Rule 206(4)-2 imposes certain requirements on registered investment advisers who have actual or deemed custody of client assets; however, the Investment Manager is exempt from many of the provisions of that rule because each Fund is audited in accordance with US generally accepted accounting principles on an annual basis by PricewaterhouseCoopers, an independent public accountant that is registered

with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and audited financial statements are distributed to each investor in the Funds within 120 days of the end of each Fund's fiscal year.

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

The Investment Manager has been appointed as a discretionary investment manager of each of the Funds pursuant to an investment management agreement. The investment management agreements between each of the Funds and the Investment Manager allow the Investment Manager to exercise full discretionary authority subject to the investment guidelines as described in the offering documents of the relevant Fund. Each of the Investment Manager and the Funds may terminate the investment management agreements upon 90-days' prior written notice.

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

An investment adviser with proxy voting authority has a duty to monitor corporate events and to vote proxies, as well as a duty to cast votes in the best interest of clients and not subrogate client interests to its own interests. Rule 206(4)-6 under the Advisers Act places specific requirements on registered investment advisers with proxy voting authority. Because the Investment Manager has discretionary authority over the securities held by its clients, the Investment Manager is viewed as having proxy voting authority. Accordingly, the Investment Manager is subject to Rule 206(4)-6. To meet its obligations under the rule, the Investment Manager has adopted written proxy voting policies and procedures, which are designed to ensure that the Investment Manager votes proxies in the best interest of its clients and addresses how the Investment Manager will resolve any conflict of interest that may arise when voting proxies.

Generally, the Investment Manager will vote in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated), selection of auditors, and increases in or reclassification of common stock. The Investment Manager will also as a general matter vote against proposals that make it more difficult to replace members of the issuer's board of directors, including proposals to stagger the board, cause management to be overrepresented on the board, introduce cumulative voting, introduce unequal voting rights, and create supermajority voting.

For other proposals, the Investment Manager shall determine whether a proposal is in the best interests of its clients and may take into account the following factors, among others whether the proposal was recommended by management and the investment community's opinion of management; whether the proposal acts to entrench existing management; and (3) whether the proposal fairly compensates management for past and future performance.

Investors may contact our Chief Compliance Officer to obtain information regarding proxy voting, including Registrant's policies and procedures.

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

The Investment Manager is not aware of any financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.