

YG PARTNERS, LLC

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FORM ADV, PART 2A BROCHURE

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This brochure provides information about the qualifications and business practices of YG Partners, LLC. If you have any questions about the contents of this brochure, please contact us at (212) 596-7533 or via e-mail at rmuller@ygpartners.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Any reference to or use of the terms “registered investment adviser” or “registered,” does not imply that YG Partners, LLC or any person associated with YG Partners, LLC has achieved a certain level of skill or training.

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

Item 2 - Material Changes

YG Partners, LLC has no material changes to report since the Brochure was prepared in November 2014. We encourage all recipients of this Brochure to read it carefully in its entirety.

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Item 4 – Advisory Business

Description of the Firm

YG Partners, LLC (“YG”) is a privately owned limited liability company organized under the laws of the state of Delaware, with its principal place of business in New York, New York. YG began providing investment advisory services in July 2013. Jason Young and Alfred Geary each own 50% of YG. YG serves as the investment manager to several private investment companies and one managed account (the “Managed Account”). YG does not participate in wrap fee programs.

Advisory Services Offered

The Funds

YG offers investment advisory services to the Funds (as defined below) pursuant to an Investment Management Agreement between YG and each client Fund. All of YG’s Fund clients are private investment funds that are exempt from registration with the Securities and Exchange Commission (each a “Fund” and together the “Funds”). YG provides investment management services tailored to the specific investment guidelines set forth in the confidential private placement memoranda of each of the Feeder Funds (as defined below). Subject to these investment guidelines, YG has a limited power of attorney to act and has complete discretion and authority to manage Fund assets. YG is authorized to make all investment decisions, buy and sell securities, issue instructions to the Funds’ custodians, select broker dealers to execute securities transactions and vote proxies and make similar decisions. Underlying investors in YG’s client Funds do not have the ability to impose restrictions on investing in certain securities or types of securities. YG offers and sells interests in the Funds in private transactions solely to accredited investors, qualified purchasers, and certain employees of YG and/or its affiliates and in the case of YG Offshore Fund (as defined below), to sophisticated non-U.S. investors.

YG’s investment performance is dependent upon the selection of long investments that outperform the market and short investments that underperform the market. While the confidential private placement memoranda for each of the Feeder Funds give YG broad discretion with respect to the types of securities it may purchase, YG will purchase and sell for each client primarily publicly traded equity and equity-linked securities in North American markets, focused on exploiting catalytic changes primarily in the retail and consumer, industrials, technology, and media and telecommunications sectors. YG may also invest in non-U.S. publicly traded securities, publicly or privately issued or negotiated common stocks, preferred stocks, convertible securities, stock warrants and rights, fixed income securities, swaps, options (purchased or written), futures contracts, commodities, forward contracts and other derivative instruments, partnership interests and other securities of financial instruments including those of investment companies. YG also engages in short selling, margin trading, hedging and other investment strategies

for each client Fund. Performance is primarily driven by the relative performance of our long and short investments rather than the performance of the markets.

YG manages a U.S domiciled fund, YG Partners Fund, LP (the “YG U.S. Fund”) and a Cayman domiciled fund, YG Offshore Fund, Ltd. (the “YG Offshore Fund” and together with YG U.S. Fund, the “Feeder Funds”). Each of the Feeder Funds is managed using the same long/short equity strategy. The Feeder Funds seek to attain their investment objectives by investing substantially all of their investable assets through a master feeder structure in YG Partners Master Fund, Ltd. (the “YG Master Fund”), a Cayman based master fund. YG Master Fund has the same investment objective and strategy as each of its Feeder Funds.

Each Feeder Fund generally invests in the same long and short publicly traded equity securities in North America. The YG Master Fund’s gross exposure will typically range between 120% to 150% and its net exposure will typically range from 10% to 60% net long. Investment trades are generally allocated among the Funds to achieve holdings that are proportional to their respective net asset values. As a result of this sharing of investments, the efforts of the members of YG’s investment and trading teams are focused on one set of investment decisions.

The Managed Account

To the extent appropriate for a large or strategic investor, YG will establish, a separately managed account. YG currently provides investment advisory services to one Managed Account, whose beneficial owner is a limited liability company. The advisory services are tailored to the investment objectives and/or restrictions established by the Managed Account investor. Fee arrangements and terms for each Managed Account are individually negotiated. Accordingly a managed account may be, and the Managed Account is, subject to different terms and fees than those of the Funds. Managed account relationships are generally subject to significant account minimums.

The Managed Account’s investment objective and guidelines are the same as those applicable to the YG Master Fund, and the Managed Account and the Fund will be managed *pari passu*. These details are outlined in the agreement entered into between YG and the Managed Account.

Assets under Management

As of February 28, 2015, YG managed, on a discretionary basis, client assets totaling \$129,725,435. YG does not manage client assets on a non-discretionary basis.

Item 5 – Fees and Compensation

Management Fees

YG's Managed Account Clients generally compensate YG on the basis of a quarterly or monthly fee that is computed as a percentage of the value of the assets under management. All such fee arrangements are individually negotiated. Each Fund client pays YG a management fee that is calculated as a percentage of assets under management by YG. Fees are payable quarterly in advance based on the asset value as of the first business day of the calendar quarter. Each underlying investor in a Fund pays the Fund the portion of the fee attributable to that investor's holdings in the Fund. The management fee paid to YG is equal to 1.5% per year, or 0.375% per quarter. Fees paid in advance are not refundable. YG may waive or modify the management fee associated with investors in the Funds who are employees or affiliates of YG, their relatives or certain large strategic investors.

Performance-Based Compensation

The Funds

At the end of each fiscal year, each client also makes, to an affiliate of YG, a performance-based allocation in compliance with Rule 205-3 under the Investment Advisers Act of 1940, as amended. The performance allocation is equal to 20% of the net profits of the Fund and is paid to YG Partners Fund GP, LLC. YG makes the performance allocation pro rata from the account of each underlying Fund investor in the amount attributable to that investor's holdings in the Fund. The performance allocation is subject to a high water mark. This means that no performance allocation is made unless the value of client assets has increased since the prior allocation. If the client terminates the Investment Management Agreement, or an underlying investor withdraws its assets from the Fund, fees will be allocated on a pro rata basis. YG may waive or modify the performance allocation associated with investors in the Funds who are employees or affiliates of YG, their relatives or certain large strategic investors.

The Managed Account

Fees for all managed accounts are individually negotiated.

Fee Differential

In some cases, certain underlying investors in YG's client Funds may pay lower fees or have other unique arrangements, provided that the client is not harmed. For example, investors providing large or initial investments in a Fund, investors that commit to a hard lock on their investment, investors that are affiliated with YG, and/or YG employees may have specially tailored arrangements with respect to their investment in a Fund.

Early Withdrawal and Related Charges

Any capital contribution that is withdrawn from a Fund before the completion of the investor's commitment period is subject to an early termination fee as set out in detail in the Funds' private offering memoranda.

The commitment period for investors in the Feeder Funds is one year. Investors who withdraw a capital contribution prior to the end of the one year period will pay an early termination fee equal to 3% of the amount withdrawn prior to the expiration of the commitment period.

All early withdrawal charges are retained by the Funds. For the purposes of determining the amount of the withdrawal, contributions are treated on a first in first out basis.

Other Fees

All fees paid to YG are separate from fees related to investments such as brokerage commissions, transaction fees, and with respect to the Funds, research-related travel expenses; audit and accounting; legal; compliance; organizational expenses (which were paid and are being amortized over a period of up to 60 months), risk management expenses, insurance, and administrative fees and other related costs and expenses, which may be incurred by a Fund. The Funds will also incur other charges imposed by custodians, brokers, and other third parties, such as custodial fees, transaction related expenses, transfer taxes, interest on margin accounts and other indebtedness, borrowing charges on securities sold short, bank service fees, wire transfer and other fees. Such charges, fees and commissions are exclusive of and in addition to YG's fees. YG does not receive a portion of these other commissions, fees and costs. (Please refer to the "Brokerage Practices" section (Item 12) of this Brochure for additional information.)

YG's investment management agreements with the Funds generally provide that the Fund will indemnify and not hold YG and/or its affiliates liable for certain expenses, losses and claims that may arise in connection with the performance of its duties (including management of the Fund's investments and execution of investment trades), provided that such person's conduct has not breached certain specified standards of conduct, that is the relevant actions must have been taken in good faith and cannot have involved willful misconduct, gross negligence, a violation of federal or state securities laws or criminal wrongdoing.

Billing Method

The Fund's administrator deducts from the account of each investor in each client Fund the quarterly management fee, pro rated if the account was opened during that quarter. The Fund's administrator deducts from the account of each investor in each client Fund the annual performance allocation, if applicable.

YG does not deduct advisory fees or other expenses directly from the Managed Account (nor does it have the power to do so without the consent/action of the Managed Account client). The custodian of the Managed Account is authorized by the Managed Account client to pay YG the management fee and the performance fee based on an invoice prepared by the Managed Account's administrator that is submitted to the custodian and the Managed Account client simultaneously. Timing of the payment of the management and performance fee are individually negotiated by each managed account client.

Termination of Advisory Services

The Investment Management Agreement will continue in effect indefinitely, unless terminated by YG or the Fund client at the end of any fiscal year, by providing at least sixty (60) days written notice of termination. The termination provisions of each investment management agreement with a Managed Account client are individually negotiated.

Other Compensation

None of YG's employees receives compensation for the sale of securities or other investment products.

ERISA Clients

YG may be deemed to be a fiduciary under the Employee Retirement Income and Securities Act ("ERISA") to any of its Funds, any underlying investors in such Funds, and any managed accounts that are employee benefit plans or individual retirement accounts if the Fund or the managed account is deemed to hold "plan assets." Any assets subject to ERISA that are deemed to be "plan assets" are subject to specific rules and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation and the prohibition of certain transactions. In order to avoid causing assets of any of the Funds to be deemed "plan assets," YG restricts the aggregate investment by benefit plan investors to under 25% of the total value of each class of equity interests in each Fund. The Managed Account is not subject to ERISA.

Valuation and Pricing

YG typically uses available pricing services or sources to determine the market value of a Fund's portfolio. YG may rely on various services from outside vendors for information such as pricing, ratings, and other relevant factors. While these vendors are generally reliable, from time to time information they provide may be inaccurate or stale, which may affect the pricing and categorization of portfolio holdings. While most of the Funds' holdings are liquid securities, from time to time, YG may need to determine a price for a portfolio holding using "fair value" pricing methods. In these situations, YG elicits input from its valuation committee, which is made up of senior management within the firm, to determine what it believes to be a representative or "fair" price for the holding. These

determinations may involve a significant amount of judgment and in some cases may not result in an accurate price.

Under the terms of its investment management agreement with YG, the administrator for the Managed Account client performs its own valuation.

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

YG charges all of its clients a performance-based fee (that is a fee based on a share of capital gains on or capital appreciation of the assets of the client). Please refer to the “Performance Fee” section (Item 5) of this Brochure for additional information. YG has no clients who are subject to any other type of fee. As such, the conflict of interest related to managing accounts that charge performance-based fees alongside accounts that do not charge performance-based fees does not apply to YG.

As a result of the performance-based fee, YG may have an incentive to make investments that are riskier or more speculative than it otherwise might make in the absence of compensation based on the performance of its clients. YG has policies and procedures in place related to the allocation of investments and investment opportunities. (See Item 12 of this Brochure.) If YG determines that an investment or trading opportunity is appropriate for more than one client, then YG allocates such investment or trading opportunity among the clients in a manner it determines, exercising its judgment in good faith, to be fair and equitable, taking into consideration all allocations among such clients taken as a whole. YG is not required to provide every opportunity to every client.

Item 7 – Types of Clients

YG offers its investment advisory services only to private investment funds that are exempt from the Investment Company Act of 1940, as amended and to certain managed accounts. Please refer to Item 4 of this Brochure for a list of such Fund clients. Managed Account clients could include high net worth individuals and institutional investors.

Investors in the Funds must be sophisticated investors and are generally:

- high net worth individuals;
- pension and profit sharing plans;
- charitable organizations and/or foundations;
- corporations, partnerships, LLCs or other businesses; and
- trusts

In order to qualify for investment in a Fund, U.S. investors must certify that they are “accredited investors” and “qualified purchasers” (as defined by law). Underlying investors in each Fund typically must invest a minimum of \$1 million, subject to reduction by YG.

YG individually negotiates minimum contribution amounts with Managed Account clients.

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

Methods of Analysis

YG manages the portfolios of the Funds in accordance with the investment strategy described in the confidential private placement memorandum for each Fund. The investment guidelines for the Managed Account are set forth in the investment management agreement between YG and the Managed Account client, and provide that the Managed Account is managed, to the fullest extent possible, *pari passu* with the YG Master Fund. The investment strategies and risks set forth below are summaries, and are not intended to be a complete statement of the investment strategies and related risks applicable to an investment in the Funds or the Managed Account. Investors should review the complete private placement memorandum for each Fund and/or the Managed Account and other governing documents for a complete statement of the strategy and risks related to each Fund and/or account.

YG uses the following methods of analysis in formulating investment advice and/or managing client assets:

Fundamental Analysis: YG seeks absolute returns irrespective of market conditions using a long/short equity strategy focused on exploiting catalytic changes. YG uses rigorous bottom-up fundamental analysis overlaid with a proprietary multifactor risk model and survey work to identify opportunities with the highest probability of success. Capital preservation and risk management are paramount in this process. Fundamental analysis is the primary foundation of YG's research efforts.

Qualitative Analysis: YG subjectively evaluates non-quantifiable factors such as management team changes and product cycle changes not readily subject to measurement, in an attempt to predict changes to share price based on that data. Qualitative analysis is important to the formulation of YG's investment strategies.

A risk of using qualitative analysis is that YG's subjective judgment may prove incorrect.

Risks for all forms of Analysis: The securities analysis methods that YG uses all rely on the assumption that the companies whose securities YG purchases and sells, the rating agencies that review these securities, and other publicly-available sources of information, such as capital structure change, about these securities are providing accurate and unbiased data. While YG is alert to indications that data may be incorrect, there is always a risk that YG's analysis may be compromised by inaccurate or misleading information.

Investment Strategies

YG uses the following strategies in managing each client's assets, consistent with the client's investment objectives and risk tolerance, among other considerations:

Long-Term Purchases: YG purchases securities with the idea of holding them in the client's account for an investment horizon of six months to one year or longer. Typically YG uses this strategy when:

- it believes the securities to be currently undervalued; and/or
- it wants exposure to a particular asset class over time, regardless of the current projection for the asset class.

In utilizing this strategy, the Investment Manager focuses on three specific types of change:

- **Management Team Changes:** Where a new CEO or other members of the management team comes from outside the company to turn around an underperforming business;
- **Capital Structure Changes:** Can be post-reorganization equities, spin-offs, restructurings, and/or large scale balance sheet refinancing; and
- **Product Cycle Changes:** Companies on the right side or wrong side of new product cycles.

A risk in long-term purchase strategy is that by holding the security for this length of time, YG may not take advantage of short-term gains that could be profitable to a client. Moreover, if YG's predictions are incorrect, a security may decline sharply in value before YG makes the decision to sell.

Short-Term Purchases: When utilizing this strategy, which it does infrequently, YG purchases securities with the idea of selling them within a relatively short time (typically less than six months to one year). YG does this in an attempt to take advantage of conditions that YG believes will soon result in a price swing in the securities purchased.

Trading: YG purchases securities with the idea of selling them very quickly (typically within thirty days or less). YG does this in an attempt to take advantage of predictions of brief price swings.

Short Sales: YG borrows shares of a stock for the client's portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. These borrowed shares are then sold. On the agreed upon future date, YG buys the same stock and returns the shares to the original owner. YG engages in short selling based on its determination that the stock will go down in price after it has borrowed the shares. If YG is correct and the stock price has gone down since the shares were purchased from the original owner, the client account will realize the profit. If YG is incorrect and the stock price has gone up since it bought the shares, the client account will suffer the loss.

Because the theoretical price increase is unlimited, a short sale involves the risk of a theoretically unlimited loss.

Margin Transactions: YG will purchase securities for its clients' portfolios with money borrowed from the client's brokerage account. This allows the client to buy more stock than the client would be able to with the cash that is available, and allows YG to purchase other securities for the client without selling other holdings.

Options: YG may use options primarily as a risk management tool, although options typically do not comprise a significant portion of the portfolio.

An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or a bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- a call gives YG the right to buy an asset at a certain price within a specific period of time. YG will buy a call if it has determined that the stock will increase substantially before the option expires.
- A put gives YG the right to sell an asset at a certain price within a specific period of time. YG will buy a put if it has determined that the price of the stock will fall before the option expires.

YG generally uses index and single name options. The index options are primarily portfolio hedges. The single name options may be used for either downside protection or upside profit maximization with less capital outlay.

YG may also use the "covered call," in which it sells an option on a security owned by the client. In this strategy, the client receives a fee for making the option available, and the person purchasing the option has the right to buy the security from the client at an agreed upon price.

YG may use a "spreading strategy," in which it purchases two or more option contracts (for example, a call option that the client buys and a call option that the client sells) for the same underlying security. This effectively puts the client on both sides of the market, but with the ability to vary price, time and other factors.

As Portfolio Manager, Jason Young has final authority over all portfolio decisions for all Funds and for the Managed Account. Mr. Young is responsible for portfolio activities, including sizing of positions, the resulting allocation of capital among sectors and the maintenance of targeted gross and net exposures.

Risk of Loss

General Risk of Loss Statement: As with any investment, investing in securities involves a risk of loss. Future returns are not guaranteed and the client may lose money on investments. The securities markets are volatile and clients should consider carefully the amount of risk and/or loss they are willing to bear. YG in no way guarantees performance, and at any time, the value of assets invested may fluctuate and be worth less than the amount originally invested. A client should only invest assets it will not need for current purposes and that can be invested on a long-term basis, usually a minimum of five to seven years. These risks apply to underlying investors in the client Funds as well.

Selection of Securities: Because the Funds and the Managed Account invest primarily in publicly-traded equity securities, YG believes that the primary risk of loss is associated with securities selection. The price of a company's stock could decline or underperform for many reasons, including, among others, poor management, financial problems or business challenges. If a company declares bankruptcy or becomes insolvent, its stock could become worthless. YG attempts to minimize this risk through the construction of client portfolios and the use of loss limit rules. For more details on investment risk, including but not limited to risks associated with purchasing derivatives, please refer to the appropriate confidential private placement memorandum for each Fund.

Derivative Instruments: Derivative instruments are subject to a number of risks, including the risk of changes in the market price of the underlying securities, credit risk with respect to the counterparty, risk of loss due to changes in interest rates and liquidity risk. The use of certain derivatives may also have a leveraging effect which may increase volatility and reduce returns.

Foreign Investments: Investing in foreign (non-U.S.) securities may result in more rapid and extreme changes in value than an investment exclusively in securities of U.S. companies due to smaller markets, differing reporting, accounting and auditing standards, and nationalization, expropriation or confiscatory taxation, foreign currency fluctuations, currency blockage, or political changes or diplomatic developments.

Liquidity: If a security is illiquid, YG might be unable to sell the security at a time when desired, and the security could have the effect of decreasing the overall level of a Fund's or the Managed Account's liquidity. Further, the lack of an established secondary market may make it more difficult to value illiquid securities, which could vary from the amount realized upon disposition. YG may make investments that become less liquid in response to market developments or adverse investor perception. A client could lose money if it cannot sell a security at the time and price that would be most beneficial.

Market: Stock prices are volatile and are affected by the real or perceived impacts of such factors as economic conditions and political events. The stock market tends to be cyclical, with periods when stock prices generally rise and periods when stock markets generally decline. Any given stock market segment may remain out of favor with

investors for a short or long period of time, and stocks as an asset class may underperform bonds or other asset classes during some periods.

Market Capitalization: Stocks fall into three broad market capitalization categories – large, mid and small. Investing in primarily one category carries the risk that, due to current market conditions, that category may be out of favor with investors. If valuations of large-capitalization companies appear to be greatly out of proportion to the valuations of mid- or small-capitalization companies, investors may migrate to the stocks of mid- and small-sized companies causing an investment in these companies to increase in value more rapidly than an investment in larger, fully-valued companies. Investing in mid- and small-capitalized companies may be subject to special risks associated with narrower product lines, more limited financial resources, smaller management groups, and a more limited trading market for their stock as compared to other larger companies. As a result, stock of mid and small sized companies may decline significantly in market downturns.

Technology Sector Risks: Companies in the rapidly changing technology field face special risks. For example, these companies spend heavily on research and development and their products or services may not prove commercially successful or may become obsolete quickly. Investments in the technology sector may be susceptible to factors affecting the technology and science areas. The technology field may be subject to greater governmental regulation, intervention and scrutiny than many other areas, and changes in governmental policies and the need for regulatory approvals may have a material adverse effect on these areas. Additionally, companies in these areas may be subject to risks of developing technologies, competitive pressures and other factors and are dependent upon consumer and business acceptance as new technologies evolve.

Media and Telecommunication Companies: Certain telecommunications, media and technology and related companies face significant risks, including but not limited to, regulatory, operational, technological, and competitive risks. Telecommunications services are subject to regulation at the federal level by the Federal Communications Commission (the “FCC”) and at the state level by public utilities commissions. Additionally, a significant portion of the media industry is subject to regulation by the FCC under federal laws and regulations, including the Communications Act of 1934 and the Telecommunications Act of 1996. FCC rules and regulations have been subject to numerous appeals to both the courts and to Congress and it remains difficult to accurately predict the impact of any potential new legislation or court action on any company within the telecommunications, media and technology industries.

The telecommunications and media industries are experiencing significant technological change, including improvements in the capacity and quality of currently deployed technology. This causes uncertainty about future customer demand for products and services and the prices that the companies will be able to charge for these services. The rapid change in technology may lead to the development of alternative products and services that consumers prefer over existing offerings. Certain technology and technology-related companies may allocate, or may have allocated, greater than usual amounts to research and product development. The securities of such companies could

experience above-average price movements associated with the perceived prospects of success of the research and development investments or be adversely affected by lack of commercial acceptance of a new product or services or by technological change and obsolescence.

Further, many companies with proprietary technology rely on a combination of patent, copyright, trademark and trade secret protection and non-disclosure agreements to establish and protect their proprietary rights, which may be essential to the growth and profitability of the company. There can be no assurance that a particular company will be able to protect these rights or will have the financial resources to do so, or that competitors will not develop or patent technologies that are substantially equivalent or superior to the technology of a company.

The markets in which many telecommunications, media, and technology companies operate are extremely competitive. New technologies and improved products and services are continually being developed, rendering older technologies, products and services obsolete. Moreover, competition can result in significant downward pressure on pricing. To the extent that a company does not keep pace with technological advances or fails to timely respond to changes in competitive factors in the industry, the company could lose market share or experience a decline in revenue and net income.

Some of the companies may invest could have limited operating histories. As a result, these companies may face undeveloped or limited markets, have limited products, have no proven profit-making history, may operate at a loss or with substantial variations in operating results from period to period, have limited access to capital and/or be in the developmental stages of their businesses.

Consumer and Retail Companies: The securities of companies in the consumer and retail sectors can be volatile and the marketplace in which these companies operate may be extremely competitive. As such, there can be no assurance that the market position of a company will be stable as the products and services of competitors evolve. Moreover, competition can result in significant downward pressure on pricing and margins. Additionally, consumer tastes and preferences can change very quickly with the result that a company's market share may change rapidly if consumer focus shifts. The value of securities in this sector may also be affected by changing consumer confidence, disposable household income, government regulation or legislative changes, demographics and commodity prices, which can be highly volatile. Accordingly, the investment portfolio of the Funds or a managed account may be subject to more rapid changes in value than would be the case if the portfolio was required to maintain a wide diversification among industries and sectors.

Special Situations: YG may invest in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, will

take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, YG may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which YG may invest, there is a potential risk of loss of the entire investment in such companies. In connection with such transactions (or otherwise), YG may purchase securities on a when-issued basis, which means that delivery and payment take place sometime after the date of the commitment to purchase and is often conditioned upon the occurrence of a subsequent event, such as approval and consummation of a merger, reorganization or debt restructuring. The purchase price or interest rate receivable with respect to a when-issued security can be fixed when YG enters into the commitment. Such securities are subject to changes in market value prior to their delivery.

Turnover/Frequent Trading: A change in the securities held by a Fund or the Managed Account is known as “portfolio turnover.” Higher portfolio turnover is a result of frequent trading and involves correspondingly greater expenses to a Fund or the Managed Account, including brokerage commissions or dealer mark-ups and other transaction costs on the sale of securities and reinvestments in other securities. Such sales may also represent tax risk. The trading costs and tax risk associated with portfolio turnover may adversely affect a client’s performance. The use of futures or other forward settling derivatives may result in the appearance of higher portfolio turnover as positions are “rolled forward” in order to maintain a specific exposure. Accordingly, portfolio turnover rates may vary based on how such rates are calculated.

Settlement Risk: To the extent the Funds and the Managed Account invest in swaps, “synthetic” or derivative instruments, repurchase agreements, certain types of options or other customized financial instruments, or, in certain circumstances, non-U.S. securities, the Funds and the Managed Account take the risk of non-performance by the other party to the contract. This risk may include credit risk of the counterparty and the risk of settlement default. This risk may differ materially from those entailed in exchange-traded transactions, which generally are supported by guarantees of clearing organizations, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose whether there are any legal or disciplinary events that would be material to a client’s or a prospective client’s evaluation of YG or the integrity of YG’s management persons. YG has no history of any disciplinary action to disclose.

Item 10 – Other Financial Industry Activities and Affiliations

YG does have professional relationships with other third parties but receives no hard dollar compensation from any third party. YG and/or its employees may receive small gifts from such third parties as to do otherwise would appear ungrateful. (See Item 14 for additional details and clarification.) Examples of these third parties include broker-dealers, investment companies, banking institutions, accounting firms, law firms etc. Some of our clients may also work for one of these third parties.

In addition, YG has entered into an agreement with Tiger Management L.L.C. (“Tiger”) and its principal owner Julian Robertson, Jr., pursuant to which they will have a financial interest in the fees and profits earned by YG and its affiliates in connection with managing the assets of the Funds. While Mr. Robertson is available to YG to consult on investment strategies, neither Tiger nor Mr. Robertson have any management obligations pertaining to the Funds.

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

As an investment manager to various clients, YG may give advice, or take action or refrain from taking action, any of which may differ from advice given, action taken or not taken or the timing of any action for any other client. Further YG may recommend or effect transactions on behalf of its clients in securities, which it or any of its affiliated persons may buy or sell for their own accounts. YG is not a broker-dealer and does not act as a principal or broker in connection with client transactions. YG, and persons related to YG, including its officers, directors and employees, may buy, sell, or have a financial interest in securities recommended to clients either by investing directly in the Funds managed by YG or otherwise, through independent transactions in personal accounts subject to YG’s Code of Ethics described below.

YG has adopted a Code of Ethics in an effort to avoid possible conflicts of interest, the inappropriate use of material non-public information and to ensure the propriety of its employees’ and clients’ trading activities. The Code of Ethics is distributed to each employee at the time of hire and employees receive annual training in issues related to the Code of Ethics. The Code is based on the principle that officers, directors and other YG personnel owe a fiduciary duty to YG’s clients and investors in the Funds and must place the interests of YG’s clients and investors above their own.

Except as set forth immediately below, YG’s Code of Ethics prohibits any employee from buying publicly traded securities in the personal account of the employee, or the account of an immediate family member over which the employee exercises investment discretion. Subject to pre-clearance, as set forth in the Code of Ethics, employees may be permitted to sell publicly traded securities they owned at the time of their initial hire. We believe that this prohibition effectively addresses the material potential conflict of interest with our clients that may arise as a result of personal trading by our employees. This prohibition does not generally apply to the purchase of direct obligations of the

government of the United States, high quality short-term debt instruments, transactions in accounts over which employees have no control or influence, transactions made with an automatic payroll deduction, dividend reinvestment or similar program where the timing of purchases and sales is controlled by someone other than the employee or an exercise of pro rata rights issued by a company to all holders of a class of securities, although such transactions must be reported in accordance with the Code of Ethics.

The Code of Ethics also prohibits any employee or their immediate family member from participating in initial public offerings, or without prior approval, from participating in private placements. YG also maintains a blackout period during which it will not authorize the sale of securities being bought or sold by its clients.

Employees are required to provide YG with a complete report of their securities holdings at the time they are hired. Employees also provide YG with duplicate copies of account statements for all of their brokerage accounts. Employees are also required to provide quarterly transaction reports and annual securities holdings reports. Most types of securities are subject to these reporting requirements.

The Code establishes sanctions if its requirements are violated, up to and including dismissal from employment. Employees are required to certify annually that they have complied with the Code of Ethics.

The foregoing is only a summary of the provisions of the Code and is qualified in its entirety by the detailed provisions appearing in the full text of the Code. Clients and prospective clients may obtain a copy of the Code of Ethics by contacting YG's Chief Compliance Officer at 515 Madison Avenue, 30th Floor, New York, NY 10022.

YG does not recommend or solicit investments by clients in YG managed or sponsored entities that would result in a conflict of interest between YG and the client. In compliance with the Advisers Act, YG will not buy securities from or sell securities to another YG client without making appropriate disclosures to the client and obtaining the client's consent. For the purposes of this paragraph, references to YG include any YG affiliate.

YG treats as confidential all information provided by clients and investors in the Funds. Such confidential information will not be disclosed to any non-affiliated third party, except as permitted by clients or as required by law.

From time to time, YG may come into possession of material non-public information, which, if disclosed, might affect an investor's decision to buy, sell or hold a security. This may occur, for example, where an affiliated person is a director or officer of a company, the stock of which may be held by a client. In the event that YG does come into possession of material non-public information, it will be unable to use this information for the benefit of its clients. Thus YG's possession of this information may cause a client to be frozen in a security position or to be unable to engage in a transaction in that position until such time as the information is made public.

Item 12 – Brokerage Practices

The securities transactions of YG's clients are expected to generate a substantial amount of brokerage commissions and other transaction based compensation, all of which will be paid for by the clients. YG has complete discretion in selecting brokers and dealers to be used for client transactions and in negotiating the rates of compensation that clients will pay, although in certain circumstances a managed account may direct YG to use one of its approved broker dealers. In addition to paying commissions to brokers acting as agents, the clients may buy or sell securities directly from or to brokers or dealers acting as principals at prices that include dealer markups or markdowns, and may buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers.

YG is obligated to seek to obtain best execution for its clients. Best execution generally means lowest transaction cost (commission) for brokerage services rendered combined with best market price in order to minimize total purchase cost or maximize total sales proceeds. Other brokerage and trading services may be considered in analyzing execution practices including but not limited to the promptness of execution, confidentiality of trading activity, clearance and settlement, order positioning and financial stability.

YG strives to execute securities transactions for clients in such a manner that the client's net cost or proceeds in each transaction is the most favorable under the circumstances. YG's best execution policy applies to all transactions in all instruments, regardless of the client. YG is not required to seek competitive bids and does not have an obligation to seek the lowest available commission cost. Thus, in any transaction, a client may pay commissions to a broker in an amount greater than an amount another broker might charge.

In selecting a counterparty and market through which to effect a trade, and in determining whether a transaction represents the best execution, YG considers a range of quantitative and qualitative factors, including but not limited to the following:

Counterparty Considerations

- Access to liquidity
- Execution efficiency
- Capital utilization
- Clearance and settlement capabilities
- Reasonableness of commission rate or spread
- Financial responsibility

Market Considerations

- Size and type of transaction

- Characteristics of the market(s) in which the security may be traded
- Nature of post-trade settlement, custody and foreign exchange structures

YG trades for the benefit of clients through prime brokerage arrangements that are designed to allow trading with multiple brokers while centralizing clearance and custody through prime brokers. Under these arrangements, YG places trades through accounts with different executing brokers in the name of one of its prime brokers for the benefit of YG and its clients. YG directs delivery of funds or securities to a prime broker who is responsible for custody, clearance and settlement services including matching trades with executing brokers and delivering account confirms and statements to YG.

Further, prime brokers may, as an incident to their services (and not for any additional compensation), sponsor conferences or seminars or provide “capital introduction services” in which consultants and prospective institutional investors may be introduced to YG or the Funds managed by YG, consistent with applicable private offering restrictions.

YG may execute portfolio transactions with broker-dealers that, in connection with the execution of such transactions, provide brokerage or research services, consistent with Section 28(e) of the Securities Exchange Act of 1934. Under Section 28(e) an investment adviser is generally deemed to have acted lawfully and in a manner consistent with its fiduciary duties under federal and state law, if the adviser determines in good faith that the commissions charged by a broker are reasonable in relation to the value of the brokerage and research products or services provided by such broker. For purposes of Section 28(e), research products or services provided by a broker may include research reports on particular industries and companies, economic surveys and analyses, legal and regulatory analysis, recommendations as to specific securities and other products and services (e.g., quotation services and quantitative analysis software) providing lawful and appropriate assistance to the investment adviser in the performance of its investment decision making responsibilities, without regard to whether the research products or services benefit the account bearing the commission charge.

YG will enter into arrangements with brokers serving its clients providing for the use of commissions or “soft dollars” to pay the costs of certain research products or services which fall within the safe harbor created by Section 28(e). YG’s soft dollar arrangements with brokers may condition payment of expenses upon placement of specified levels of brokerage transactions with that broker, and YG may allocate a corresponding level of trades to that broker, subject to its obligation to obtain best execution (taking into account the value of the soft dollar goods and services provided). YG also maintains commission sharing arrangements pursuant to which a broker through whom it transacts business may pay a research provider through whom it trades are not executed. YG maintains a budget for soft dollars to be used annually, however, there is no explicit target or ration linked to YG’s commission business with any particular broker-dealer.

“Soft dollar” expense paid by brokers may include items which would be properly chargeable to the clients directly. Payment of costs through “soft dollars” may benefit

YG by relieving it of costs that it would otherwise have to bear because YG does not have to produce or pay for the research, products or services. Receipt of this benefit may create an incentive for YG to select a broker based on its interest in receiving the benefit rather than a client's interest in receiving best execution.

If an expense relates to a function which would generally qualify for soft dollar payment under YG's policy stated above, as well as a function which does not (e.g., client research and YG administrative functions, respectively,) YG will make a good faith allocation of the cost between qualifying and non-qualifying functions to determine the portion that may be paid with soft dollars. The allocation process will attempt to take into account the principal functions or benefits of the item involved, but will not attempt to measure de minimus or occasional non-qualified usage or usage of a de minimus value. It is therefore possible that payments associated with such non-qualified usage or payments made in error could benefit YG, but it is not expected that such payments would be material in amount.

In any instance in which YG enters into a soft dollar arrangement, a client may pay commissions to the relevant broker which are greater than the amount another broker may charge, but YG will only do so if it determines in good faith that such amount of commissions is reasonable in relation to the value of all property, products and services provided by such broker.

YG is not required to, and may not, allocate the benefits provided with a particular soft dollar expenditure to a particular client. Because the YG Funds and the Managed Account share many investments in common, it is possible that they will also share many of the soft dollar benefits derived from their collective trading. The benefits derived from any particular client, however, may not be proportional to the costs incurred.

Subject to seeking best execution, YG may also consider other relationships as factors in the selection of securities brokers or dealers. For example, brokers to YG's clients may refer investors to YG managed funds or accounts and may engage in other transactions with YG. From time to time, providers of client brokerage services also provide incidental consulting services and other advice with respect to YG's operations and/or other matters on a formal or informal basis. The provision of such services or advice may not be subject to formal agreements and may not be compensated, depending on the extent of the services provided. Provision of services, including client referrals, could provide YG with an incentive to select the respective broker-dealer for client transactions without regard to best execution. YG will, however, provide compensation that it considers to be arm's length in any situation where such services have material value and will not allocate brokerage transactions to a provider of such services as compensation for client referrals or other services in violation of its duties to its clients.

Trade Allocation Policies

YG allocates investment opportunities among its clients in a fair and equitable manner, over time. Except as set forth below with respect to IPO transactions, in the absence of

legal or other limitations, including but not limited to, the direction of its managed account clients, and to the extent consistent with the differing investment objectives of each client, including long/short exposure and leverage, YG typically aggregates investment trades and allocates them among each client in a ratio that is proportional to the relative net asset values of each client. Each YG client bears any costs associated with special limitations (e.g., investment or trading restrictions) associated with that client. Generally allocations are determined by the Portfolio Manager in accordance with these policies. Allocations are determined prior to a trade and documented on trade date. Allocations will be made using average price.

Periodically, YG will rebalance a Fund's portfolio with the portfolio of another Fund or a managed account, if permitted by the particular managed account client. Rebalancing transactions are only done for securities which have readily available market quotations. YG notifies the prime broker one day ahead of its intent to internally execute the cross trade, and the transaction is executed prior to the open on the next day at the market value as reflected by the last sales price for the security on the principal exchange or other market on which such security is traded on the day before the transaction. In some instances YG will execute cross trades in the markets at reduced commission rates.

IPO Allocations

The Managed Account client will not participate in IPO offerings. In general, allocations of IPOs and new issues and other public offerings, are made on the basis of pre-established criteria across those eligible accounts seeking to purchase the securities and for which the securities are appropriate and to the extent consistent with the differing investment objectives of each client, including long/short exposure and leverage. Where the Portfolio Manager determines that the security will not likely be sold in the near term, he may determine to sell the securities on the secondary market (thereby realizing gains) and subsequently purchase them for a broader universe of accounts or, where permitted, "cross" them with other accounts. IPOs and new issues may be restricted to certain accounts within each Fund and certain managed accounts. Accounts which are not prohibited from purchasing or selling IPOs or new issues may participate in such transactions. IPOs and new issues will generally be allocated on a pro rata basis to all eligible investors within a Fund and managed accounts based on the asset size of each participating Fund or account. As a result, certain Fund investors and accounts may have greater opportunities than others to invest in IPOs and new issues.

Item 13 – Review of Accounts

YG's Portfolio Manager reviews client accounts on a regular basis for appropriateness of holdings and transactions in light of the Fund's and/or the Managed Account's strategy. Compliance also takes an active role in reviewing the portfolio holdings for each Fund and the Managed Account. The financial statements for each Fund are audited annually by an independent public accountant.

YG communicates regularly with its clients, providing unaudited monthly written reports to clients and investors in the Funds, which set forth the performance of the Fund or account and other financial data and information. Investors in the Funds also receive the Fund's audited financial report and all clients receive the information necessary for the investor to complete its annual federal income tax return, as applicable. YG also responds to periodic requests by Fund investors to value the investor's investment and to provide certain additional information.

Item 14 – Client Referrals and Other Compensation

YG employees attend conferences at which employees may be given gifts and/or trinkets that are less than \$50 in value. Employees may also receive gifts or similar items including entertainment from other professionals, as long as they are less than \$250 in value per gift or instance and less than \$1,000 per donor per year. The receipt of these gifts could create the incentive for YG to refer business to these professionals when it may not be in the client's best interest to do so. Employees are required to report all such gifts with a value of at least \$50 and YG conducts a periodic review to ensure that business is not being referred to a third party as a result of improper gift giving.

YG does have an agreement in place to compensate a third-party for soliciting investors to invest in its Funds, however as of the date hereof, no such payments have been made.

Item 15 – Custody

To the extent that YG is deemed to have custody of client funds or securities under the Advisers Act solely because it deducts fees and/or its affiliated entity serves as general partner or managing member to a Fund, YG complies with the Advisers Act custody rule by requiring an independent public accountant to send audited financial statements to the underlying investors within 120 days after the end of the fiscal year. The Managed Account client will receive account statements from its qualified custodian and should carefully review those statements.

To ensure compliance with Rule 206(4)-2 under the Advisers Act, YG provides all Fund investors with audited financial statements within 120 days of the end of the Fund's fiscal year, which are prepared in compliance with Rule 206(4)-2.

With respect to its Managed Account, YG does not have custody of the client's funds and securities in such account because YG does not deduct advisory fees directly from such accounts (nor does it have the power to do so without the consent/action of the Managed Account Client). Payment of fees to YG for the Managed Account is processed by the Managed Account's custodian and administrator.

Item 16 – Investment Discretion

YG's fiduciary duty requires it to give investment advice that is suitable and appropriate to each client, and to have an adequate basis in fact for its investment recommendations.

YG has been granted discretionary authority to manage the securities accounts of its clients pursuant to an investment management agreement entered into with each client. Pursuant to this grant of discretionary authority, YG is authorized to purchase and sell securities, select brokers, and negotiate commission rates subject to the guidelines set forth in the private placement memoranda for each Fund and the investment management agreement for the Managed Account, as applicable.

Item 17 – Voting Client Securities

As general partner or investment manager to the Funds, YG has responsibility for making investment decisions that are in the best interest of its clients. As part of the investment management services it provides to clients, YG generally has the responsibility to vote proxies appurtenant to the shares held in the portfolio unless the client has retained that right. As a fiduciary, YG believes that it has a duty to manage assets solely in the best interest of its clients, and that the ability to vote proxies is a client asset. Accordingly, YG has a duty to vote proxies in a manner in which it believes will add value to the client's investment. YG may amend its proxy voting policies at any time.

YG's investment management agreements with its Fund clients and with the Managed Account grant YG the authority to cast all proxy votes. As required by the Advisers Act, YG has adopted a proxy voting policy, which provides that YG will act in the best interest of its clients in determining whether and how to vote on any proxy voting matter.

YG's Portfolio Manager consults with the investment team concerning the best method to resolve any actual or apparent conflicts of interest between the interests of YG and its clients, in a manner that affords priority to the interests of the clients. If the conflict is personal to the Portfolio Manager, the Portfolio Manager will designate others to address the issues presented by the proxy vote.

Clients may obtain a copy of the proxy voting policy and information on how YG voted client securities by addressing a request for such policy or information to YG's Chief Compliance Officer at 515 Madison Avenue, 30th Floor, New York, NY 10022.

Item 18 – Financial Information

YG does not charge or solicit pre-payment of fees six months or more in advance. YG has no financial commitment that is reasonably likely to impair its ability to meet contractual and fiduciary commitments to clients. YG has not been the subject of a bankruptcy proceeding.

Item 19 – Requirements for State-Registered Advisers

Not applicable.