

ITEM 1. COVER PAGE

PART 2A OF FORM ADV: FIRM BROCHURE

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March 2017

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This brochure provides information about the qualifications and business practices of SERONE CAPITAL MANAGEMENT LLP (“Serone” or the “Adviser”). If you have any questions about the contents of this brochure, please contact 011 44 20 3405 7350. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about SERONE CAPITAL MANAGEMENT LLP is also available on the SEC’s website at www.adviserinfo.sec.gov.

SERONE CAPITAL MANAGEMENT LLP is registered with the SEC as an investment adviser. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

ITEM 2. MATERIAL CHANGES

Not applicable. This is the initial brochure for Serone.

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ITEM 4. ADVISORY BUSINESS

This brochure has been prepared on the basis of the way Serone expects to conduct its investment advisory operations once its registration is effective.

General Description of Serone

Serone, an English limited liability partnership, is an investment adviser formed in England and Wales in June 2009. Serone was founded by Neil Servis and Adrian King. Neil Servis is the primary owner. Serone is authorized and regulated by the Financial Conduct Authority of the United Kingdom and is registered with the SEC as an investment adviser. While the full panoply of requirements under the Investment Advisers Act of 1940 (the “Advisers Act”) apply to Serone’s U.S. clients, the relationship between Serone, as a non-U.S. adviser, and its non-U.S. clients is not subject to all of the requirements of the Advisers Act.

Description of Advisory Services

Serone provides investment advisory services on a discretionary basis to (1) three pooled investment vehicles (*i.e.*, hedge funds) organized in a master-feeder structure and intended for institutional and other sophisticated investors: Serone Key Opportunities Fund LP, a Delaware limited partnership (the “Onshore Fund”), Serone Key Opportunities Fund Ltd., an exempted company incorporated under the laws of the Cayman Islands (the “Offshore Fund” and collectively with the Onshore Fund, the “Feeder Funds”) and Serone Master Fund Ltd., also an exempted company incorporated under the laws of the Cayman Islands (the “Master Fund”) (each of the Feeder Funds and the Master Fund, a “Fund,” and, collectively, the “Funds”) and (2) a separately managed account (an “SMA”) (the Funds and the SMA are referred to collectively herein as the “Clients”). In the future, Serone may form additional fund clients and accept additional SMAs that invest primarily in accordance with the same strategy or other strategies.

Serone Capital Management GP Limited (the “General Partner”) acts as general partner to the Onshore Fund. Serone Capital Management (Cayman) Limited (the “Manager”) acts as the Manager to the Funds and was appointed pursuant to a management agreement that authorized the Manager to invest and reinvest the assets of the Funds, subject to the supervision, control and policies of the directors of the General Partner and the board of directors of the Master Fund. Also, under the management agreement, the Manager is entitled to receive the management fee as described below. The Manager in turn appointed the Adviser under an investment management agreement to be responsible for the discretionary investment and reinvestment of the assets of certain Clients. References to “Adviser” and “Serone” below shall include the General Partner and the Manager, if and as pertinent.

Serone provides advisory services to its Clients principally pursuant to an investment strategy regarding structured credit securities with a focus on Europe.

Serone does not participate in wrap fee programs and does not manage wrap fee accounts.

Availability of Tailored Services

Serone manages the Funds in accordance with the investment objectives outlined in each Fund's private placement memorandum and governing documents. Investment advice is provided directly to the Fund and not to a limited partner or shareholder, as applicable in either of the Feeder Funds (an "Investor").

The Adviser manages an SMA in accordance with negotiated guidelines and restrictions regarding investments and other investment criteria. These guidelines and restrictions are reflected in the investment management agreement between the Adviser and the SMA.

Client Assets Under Management

As of December 1, 2016, Serone had \$113 million in discretionary assets under management.

ITEM 5. FEES AND COMPENSATION

Fee Schedule

Serone's fee schedule is omitted because this brochure is being delivered only to qualified purchasers, as defined in section 2(a)(51)(A) of the Investment Company Act of 1940 (the "Investment Company Act").

Serone will deduct management fees ("Management Fees") from the Fund's assets, typically in arrears, on a monthly basis. The Adviser also may receive performance-based compensation or Performance Allocation ("Performance Allocation").

Generally, such fees are not negotiable; however, in certain cases, the Adviser may waive or reduce Management Fees and performance-based compensation or Performance Allocation for certain Investors, including employees and affiliates.

The terms for payment of fees and expenses regarding any SMA are negotiated on an account-by-account basis and set forth in the applicable investment management agreement or other similar agreement.

Side Letters

As a general matter, the Adviser owes certain fiduciary duties to each Fund, which requires that the Adviser act in good faith and in what the Adviser considers to be in the best interests of the Fund. In doing so, the Adviser also will endeavor to act in a manner that ensures the fair treatment of the respective Fund's Investors. The Adviser may, without the approval of any Investor, from time to time enter into agreements with certain Investors that provide for terms that are different from those described in the pertinent private placement memorandum ("side letters"). Such side letters or other similar agreements may not impose any additional obligations or liabilities on any other Investor not party to such agreement. In exercising discretion in causing a Fund to enter into a side letter, the Adviser will disclose any material terms of such side letter to other Investors. Otherwise, absent an agreement to the contrary, the Adviser may, but generally is not required to, disclose the existence or terms of any such side letters to any other Investor.

The types of Investors who receive preferential treatment, or have the right to receive preferential treatment may include: cornerstone Investors or Investors of strategic importance to the Fund; Investors complying with specific legal, tax and/or regulatory requirements; affiliates of the Adviser; and seed Investors.

Rights or terms that a side letter may alter may include, but are not limited to: (i) rights or terms necessary in light of particular legal, regulatory or public policy characteristics of an Investor; (ii) preferential fee terms; (iii) preferential terms relating to liquidity and/or transfer; (iv) enhanced transparency and reporting; and (v) “most favored nation” rights. Such side letters or similar agreements will not, however, combine preferential information rights with preferential redemption rights to the detriment of other Investors.

Additional Fees and Expenses

In addition to the Management Fees and, if applicable, Performance Allocation described above, the Feeder Funds are each subject to bear its own operational expenses and its *pro rata* share of the Master Fund’s operating expenses, including, without limitation: expenses of the continuous offering of interests (including the cost of producing, updating and distributing offering memoranda and other offering materials); fund accounting software; fees and expenses of professionals or service providers retained by the Adviser in its discretion to advise in connection with the respective Fund’s investment activities, including additional performance-based or fixed-asset-based fees payable to sub-advisors and/or co-investors, legal, audit, regulatory and tax preparation and filing expenses and other expenses (including expenses related to particular portfolio positions or strategies); third-party fund administration and Investor servicing fees and expenses; investment research expenses, consulting and legal fees related to investment research, investment-related travel expenses; fees for market data and research analytics services, trade order management systems, risk management software, computer, newswire, quotation services and data processing charges; periodical subscription fees, printing costs, postage and other operating expenses; interest expenses, insurance expenses, director’s fees (if applicable), depository and custody fees (including any sub-custodian or delegates), bank charges; transaction-related costs including brokerage commissions, mark ups and mark downs, and clearing expenses, margin interest expenses; spreads, short dividends, currency hedging costs, as well as the costs of preparing and filing regulatory filings of the applicable Feeder Fund, the Master Fund, the Adviser, the Manager, the General Partner or any of their respective affiliates in connection with their respective activities relating to the Feeder Fund or the Master Fund (including Form PF and any other filing or registration with, or licence obtained from, any governmental, regulatory, self-regulatory or other authority) necessary for, or incidental to the activities of the Feeder Fund or the Master Fund and other reasonable expenses necessary to perform the operation of the Feeder Fund as determined by the Adviser, the General Partner and the Manager in their sole discretion. A Feeder Fund will also pay any extraordinary costs that it may incur arising in connection with the conduct of a Fund’s activities, including litigation expenses and any other expenses not arising in the ordinary course of business, as determined by the Adviser in its sole discretion (*e.g.*, taxes, indemnification expenses, litigation costs or damages).

Expenses are allocated *pro rata* among the interests of a Fund. Expenses related to consummated transactions are generally shared *pro rata* by all Clients and investment funds participating in the transaction, including co-investment vehicles or funds, if any.

Additionally, any SMA will bear its own operating expenses as set forth in the investment management agreement.

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

Clients generally pay both a Management Fee and Performance Allocation, although some Clients (or Investors) may pay reduced or no Management Fee or Performance Allocation. Managing assets for different clients with different fee structures, including, *e.g.*, the side-by-side management of a client that pays performance based compensation and one that does not or of a client that pays higher performance based compensation than another, can create a conflict of interest for an adviser. Such an arrangement creates an incentive for an adviser to favor accounts with the most profitable performance-based compensation structure. Further, such arrangements give rise to potential conflicts of interest including with respect to:

- The allocation of investment opportunities; and
- Transactions among such clients (*i.e.*, cross trades).

Consequently, when trading on behalf of multiple Clients with differing performance-based fees, Serone endeavors to allocate investment opportunities among Clients in a fair and equitable manner so that over time no Client is systematically disadvantaged. Serone's trade allocation for any given Client may vary based on, among other things, differences in Clients' investment objectives, capital constraints and any scheduled increase or decrease of any particular Client's assets under management. Serone has adopted policies and procedures governing the identification, assessment and monitoring of conflicts of interest and policies and procedures to address the allocation of investment opportunities. In addition, members of Serone's senior management will routinely consult with one another for the purpose of identifying conflicts and assessing the fairness of investment allocation.

ITEM 7. TYPES OF CLIENTS

As described in Item 4 above, Serone offers investment advisory services to funds and SMAs.

With limited exceptions where permitted by applicable law, Serone requires that the Investors in the Funds be "qualified purchasers" as that term is defined in Section 2(a)(51) of the Investment Company Act (including certain Serone personnel who qualify as "knowledgeable employees" under Rule 3(c)-5 of the Investment Company Act).

Serone also generally requires, with some exceptions that may be granted at the sole discretion of the Serone, that the Investors invest no less than EUR, GBP, USD \$1,000,000.

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

Methods of Analysis

Investment analysis is based on credit-related fundamentals focusing on a thorough "bottom-up" approach and the use of market-standard and proprietary valuation-based modeling techniques.

Credit fundamentals are evaluated in the context of the macro economic variables impacting the European credit markets. The evaluation includes, among other things, the following.

- *Intensive credit analysis:* The credit analysis involves (i) business analysis, which involves a comprehensive fundamental evaluation of each potential investment and includes historical and projected financial modeling, (ii) capital structure analysis, which evaluates the terms and structure of an issuer's debt and equity securities relative to its business or other risks, (iii) valuation analysis and (iv) analysis of structural and other risks, including those arising from legal documentation and issues relating to restructuring timing and predicted recoveries, transactional and other issues arising from the quality of service providers.
- *Relative value analysis:* The relative value analysis involves the identification of relative value among asset classes, issuers and securities, including (i) the evaluation of the risks assumed by investors relative to the returns implied by asset prices, (ii) an assessment of the specific risks that different asset classes possess, which may include credit, cyclical, technology, litigation, regulatory, valuation, financing and other risks and (iii) an assessment of each security or layer in a issuer's capital structure and its different measures of risk based on collateral, subordination, covenants, liquidity, interest rate sensitivity, amortization and other considerations.

The investment process is premised on functional separations in the areas of research and originations, investment and execution, and assets and portfolio management:

- *Research & Originations:* Each investment opportunity is researched on an individual basis. The research process involves (i) meetings or dialogue with managers, (ii) credit fundamentals of the underlying collateral, (iii) analysis of structural and legal aspects, engaging with external lawyers or consultants as necessary and (iv) preparation of internal research reports.
- *Investment & Execution:* The due diligence and investment processes are managed in the context of assessing value and associated risks regarding related investment opportunities. Due diligence can include, but is not limited to issuer, market, seller, counterparty, loan, security, legal, jurisdictional, structural, tax and regulatory analysis.
- *Asset & Portfolio Management:* The continuous integration of credit and relative value analyses combined with diversification and opportunistic management of the Client's portfolio, to optimize returns to reflect changes in market conditions or a specific issuer's credit quality.

All investment opportunities are evaluated and managed on an individual basis. All investment decisions must adhere to the investment processes of the Adviser with oversight from the relevant investment committee of the Adviser.

Investment Strategies

The investment strategy is to actively select and manage a combination of (i) senior investments with a more stable return profile and shorter expected maturities and (ii) mezzanine to junior investments that will benefit from a higher potential return leading to a portfolio with a robust composition that is able to withstand the Adviser's base and stress scenarios.

The investments strategy will focus upon a limited number of exclusive or semi-exclusive opportunities in structured credit situations and upon a relatively low investment portfolio turnover.

Market Overview and Strategy

The key market drivers underpinning the investment strategy are:

- Economic deleveraging making capital more scarce and expensive;
- Maturing debt obligations putting downward pressure on bank and corporate balance sheets;
- Economic factors forcing banks to restructure and access different sources of liquidity;
- Corporate risk becoming more correlated with increased sovereign risk;
- A lack of clarity over the impact of various regulatory initiatives (*e.g.* Basel III and Solvency II) and country-specific fiscal austerity measures; and
- Investment banks exiting principal and proprietary businesses driving changes in the competitive market place.

Investment Strategies and Opportunities

The range of structured credit-related investments includes (but is not limited to) opportunities in collateralised debt obligations, collateralised loan obligations and asset-backed securities, in debt or equity tranches, where their intrinsic value is materially greater than current market prices or where illiquidity discounts offer the potential for capital appreciation. When combined with coupon or other forms of distribution, such investments offer the possibility of generating enhanced returns.

Strategy-Related Risks of Loss

An investment in securities involves a high degree of risk, including the risk that the entire amount invested may be lost, a risk Clients should be prepared to bear.

The Adviser recommends investments in actively traded financial instruments using a variety of strategies and investment techniques with significant risk characteristics, including the risks arising from the volatility of the fixed-income and currency markets, the risks of borrowings and short sales, the risks arising from leverage associated with trading in the currencies and OTC derivatives markets, the illiquidity of derivative instruments and the risk of loss from counterparty defaults. The Adviser uses investment techniques such as option transactions, margin transactions, short sales, leverage, derivatives trading and futures and forward contracts, which practices can

involve substantial volatility and can, in certain circumstances, substantially increase the adverse impact to which a Client's investment portfolio may be subject.

Structured Credit. Liquidity of the secondary market in structured finance instruments can vary over time and can be non-existent in times of turmoil or volatility in the financial markets. In addition, for managed structured credit instrument investment, specific risks arise from the quality of the underlying asset manager and its ability to perform its obligations.

Loan Portfolios. Investments in loan portfolios entail credit risk (including valuation of the underlying assets and the anticipated timing of the cash flows), risks in respect of the quality of the underlying servicers and their ability to perform their obligations, execution risk and market risk (including the availability of refinancing).

Investing in Fixed-Income Securities. The value of fixed-income securities in which the Adviser invests on behalf of a Client will change in response to fluctuations in interest rates. Except to the extent that values are independently affected by currency exchange rate fluctuations, when interest rates decline, the value of fixed-income securities generally can be expected to rise. Conversely, when interest rates rise, the value of fixed-income securities generally can be expected to decline.

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

Concentration of Investments. At certain times, Clients may hold relatively few investments. Such Client could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected, including default of the issuer.

Investments in Unlisted Securities. Because of the absence of any trading market for these investments, it may take longer to liquidate, or it may not be possible to liquidate, these positions than would be the case for publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realised on these sales could be less than those originally paid. Further, companies whose securities are not publicly traded will generally not be subject to public disclosure and other investor protection requirements applicable to publicly traded securities.

Investments in Undervalued Securities. While investments in undervalued securities offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from a Client's investments may not adequately compensate for the business and financial risks assumed. In addition, a Client may be required to hold such securities for a substantial period of time before realising their anticipated value. During this period, a portion of the relevant Client's capital would be committed to the securities purchased, thus possibly preventing the Client from investing in other

opportunities. In addition, the Client may finance such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period.

Convertible Securities. Convertible securities are bonds, debentures, notes, preferred stocks or other securities that may be converted into or exchanged for a specified amount of common stock of the same or a different issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities generally (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities, (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases. The value of a convertible security is a function of its "investment value" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its "conversion value" (the security's worth, at market value, if converted into the underlying common stock). A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income security. Generally, the amount of the premium decreases as the convertible security approaches maturity. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by a Client is called for redemption, the Client will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on the Client.

Hedging-Related Risks of Loss

Hedging Transactions. The Adviser may use on behalf of a Client a variety of financial instruments, both for investment purposes and for risk management purposes, in order to (i) protect against possible changes in the market value of the Client's investment portfolio resulting from fluctuations in the securities markets and changes in interest rates, (ii) protect the Client's unrealised gains in the value of the Client's investment portfolio, (iii) facilitate the sale of any such investments, (iv) enhance or preserve returns, spreads or gains on any investment in the Client's portfolio, (v) hedge the interest rate or currency exchange rate on any of the Client's liabilities or assets, (vi) protect against any increase in the price of any securities the Client anticipates purchasing at a later date or (vii) for any other reason that the Client deems appropriate.

The success of the Client's hedging strategy will depend, in part, upon the Adviser's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Client's hedging strategy will also be subject to the Adviser's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While a Client may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance than if it had not engaged in such hedging transactions. For a variety of reasons, the Adviser may not seek to establish a perfect correlation between the hedging instruments utilised and the portfolio holdings being hedged. Such an imperfect correlation may prevent the Client

from achieving the intended hedge or expose the Client to risk of loss. The Adviser may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk. The successful utilisation of hedging and risk management transactions requires skills complementary to those needed in the selection of the Client's portfolio holdings.

Derivatives Referenced to a Client. It is possible that certain Investors or other parties may provide leveraged exposure to a Fund through OTC call options and other derivative products referenced to the performance of the Fund. To hedge their exposure, the issuers of the derivatives may buy or sell interests in the Fund. Because of the leverage provided by and volatility associated with such leveraged structures, relatively small increases or decreases in the value of the interests may result in the leverage provider seeking to purchase or redeem a sizeable amount of shares of the Fund, as the case may be, to hedge the leverage provider's risk. The increased possibility of requests for sizeable withdrawals could result generally in reduced liquidity for all other Investors. Additionally, to meet the potential demand for increased liquidity, the Adviser may invest a larger percentage of the Fund in cash or highly-liquid investments, which could negatively impact the performance of the Fund.

Certain Derivative Investments. The Adviser may cause a Client to buy or sell (write) both call options and put options, and when it writes options, it may do so on a "covered" or an "uncovered" basis. A call option is "covered" when the writer owns securities of the same class and amount as those to which the call option applies. A put option is covered when the writer has an open short position in securities of the relevant class and amount. The Client's option transactions may be part of a hedging strategy (*i.e.*, offsetting the risk involved in another securities position) or a form of leverage, in which the Client has the right to benefit from price movements in a large number of securities with a small commitment of capital. These activities involve risks that can be substantial, depending on the circumstances.

In general, the principal risks involved in options trading can be described as follows, without taking into account other positions or transactions the Client may enter into. When a Client buys an option, a decrease (or inadequate increase) in the price of the underlying security in the case of a call, or an increase (or inadequate decrease) in the price of the underlying security in the case of a put, could result in a total loss of the Client's investment in the option (including commissions).

The Client could mitigate those losses by selling short, or buying puts on, the securities as to which it holds call options, or by taking a long position (*e.g.*, by buying the securities or buying calls on them) in securities underlying put options.

When a Client sells (writes) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the risk of an increase in the market price of the underlying security above the exercise price. The risk is theoretically unlimited unless the option is "covered". If it is covered, the Client would forego the opportunity for profit on the underlying security should the market price of the security rise above the exercise price. If the price of the underlying security were to drop below the exercise price, the premium received on the option (after transaction costs) would provide profit that would reduce or offset any loss the Client might suffer as a result of owning the security.

Credit Default Swaps. A Credit Default Swap ("CDS") is a contract between two parties which transfers the risk of loss if a borrower fails to pay principal or interest on time or files for bankruptcy. A Loan Credit Default Swap ("LCDS") is a CDS for which the underlying reference entity is limited strictly to syndicated secured loans, rather than any loan or bond. A CDS can be used to hedge a portion of the default risk on a single corporate debt or a portfolio of loans. In addition, a LCDS/CDS can be used to implement the Adviser's view that a particular credit, or group of credits, will experience credit improvement. In the case of expected credit improvement, the Client may "write" credit default protection in which it receives spread income. The Client may also "purchase" credit default protection even in the case in which it does not own the referenced instrument if, in the judgment of the Adviser, there is a high likelihood of credit deterioration. The CDS market in high yield securities is comparatively new and rapidly evolving compared to the credit default swap market for more seasoned and liquid investment grade securities. Swap transactions dependent upon credit events are priced incorporating many variables including the pricing and volatility of the common stock, and potential loss upon default, among other factors. As such, there are many factors upon which market participants may have divergent views.

Index or Index Options. A Client may also purchase and sell indices as well as call and put options on indices, whether or not such indices are listed on securities exchanges or traded in the OTC market. An index or index option fluctuates with changes in the market values of the securities included in the index. Because the value of an index or index option depends upon movements in the level of the index rather than the price of a particular instrument, whether the Client will realize gains or losses from the purchase or writing of options on indices depends upon movements in the level of instrument prices in the instrument market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular instruments.

Swap Agreements. Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease the Client's exposure to long-term or short-term interest rates, currency values, corporate borrowing rates, or other factors such as security prices, baskets of equity securities or inflation rates. Swap agreements can take many different forms and are known by a variety of names. The Client is not limited to any particular form of swap agreement if consistent with the Client's investment objective and approach.

Swap agreements tend to shift the Client's investment exposure from one type of investment to another. For example, if the Client agrees to exchange payments in US Dollars for payments in Euro, the swap agreement would tend to decrease the Client's exposure to US Dollar interest rates and increase its exposure to non-US Dollar currency and interest rates. Depending on how they are used, swap agreements may increase or decrease the overall volatility of the Client's portfolio. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, individual equity values or other factors that determine the amounts of payments due to and from the Client. If a swap agreement calls for payments by a Client, the Client must be prepared to make such payments when due. In addition, if a counterparty's creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses by the Client.

Short Selling. Short selling involves selling securities which are not owned by the short seller and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from a decline in market price to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which a Client engages in short sales will depend upon the Adviser's investment strategy and opportunities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Client of buying those securities to cover the short position. There can be no assurance that a Client will be able to maintain the ability to borrow securities sold short. In such cases, the Client can be "bought in" (*i.e.*, forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

ITEM 9. DISCIPLINARY INFORMATION

Neither Serone nor any of its executive officers has been subject to the legal or disciplinary events related to this Item.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Broker-Dealer Registration

Serone is not a registered broker-dealer nor does it intend to register as a broker-dealer.

Commodity Pool Operator

Serone, the Manager and the General Partner intend to operate pursuant to the exemptions to registration provided by Commodity Futures Trading Commission Rule 4.13(a)(3).

Other Financial Industry Affiliations

The Adviser has other financial industry affiliations as described under Item 4 above.

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

Code of Ethics

Serone has adopted a Code of Ethics (the "Code") which includes, among other policies, a Personal Trading Policy and an Insider Trading Policy, to establish principles of conduct and to assist in detecting, managing and to the extent possible avoiding conflicts of interest, which may arise between employees and Clients as a result of personal investing activities. The Code is designed with the goal of ensuring, among other things, that employees conduct their investing activities (both for their personal accounts and for Clients) in accordance with applicable law, including the

federal securities laws and the rules promulgated thereunder, and in a manner where Clients' interests are placed first and foremost. All employees are responsible for upholding Serone's fundamental principles of openness, integrity, honesty and trust and must conduct their activities with due skill, care, diligence, prudence and fairness.

These reporting requirements apply to all "access persons" of Serone (as defined in Advisers Act Rule 204A-1) as well as their spouses, certain members of their immediate families and other persons as further described in the Code. Furthermore, the reporting requirements apply to any account in which an access person or other person covered by the requirements has a direct or indirect beneficial, economic or financial interest or over which an access person or other person covered by the reporting requirements has investment discretion or direct or indirect influence or control.

Serone's Code also imposes prohibitions on employee trades/investing including: (i) trades/investing based on inside information; (ii) trades/investing intended to manipulate the market; (iii) trades/investing in securities on Serone's restricted list; (iv) trades/investing in securities that would be appropriate investments for a Client; and (v) trades in new issues and limited offerings.

As part of the Code, Serone has established an Insider Trading Policy. Serone's Insider Trading Policy includes specific requirements regarding the possession of material non-public information ("MNPI") in order to avoid situations which may violate applicable regulatory statutes or create an appearance of impropriety.

Serone's Insider Trading Policy strictly forbids any employee from conducting trades, either personally or on behalf of others, including Clients of Serone, while in possession of MNPI that may affect the security to be traded and from improperly communicating MNPI to others.

A copy of the Code will be provided to any Client or Investor or prospective client or investor upon request.

Recommendations of Securities in which Serone or a Related Person has Some Financial Interest

Serone does not anticipate recommending securities to Clients in which Serone or a related person has a material financial interest.

Cross Transactions and Principal Trades

Serone may direct one Client account to sell securities or loans to another Client account, including Client accounts in which Serone or its personnel may have a proprietary investment. These are known as "cross transactions." Serone will undertake cross transactions only when it deems the transaction to be in the best interest of each participating Client (*e.g.*, for rebalancing or tax purposes, liquidity purposes or to reduce transaction costs that may arise in an open market transaction) and consistent with the investment strategy, risk management and other relevant considerations of each participating Client. Such transactions may be made with or without the services of a broker-dealer. When effecting such transactions Serone may have conflicting loyalties and responsibilities.

Although Serone does not expect to engage in principal transactions, to the extent any transaction qualifies as a “principal transaction” under the Advisers Act (*i.e.*, where Serone or an affiliate is acting as principal for its own account in a securities transaction with a Client), Serone will implement policies and procedures designed to comply with the provisions of Section 206(3) of the Advisers Act.

Allocating Investment Opportunities and Related Conflicts of Interest

The investment objectives and programs of a Client may be similar to, or overlap with, the investment objectives and proposed investment programs of other Clients and, therefore, certain Clients regularly compete for investment opportunities with each other. As a result, the allocation of investment opportunities gives rise to potential and actual conflicts of interest.

Allocation of Limited Investment Opportunities

Serone, its employees and affiliates may engage in a broad spectrum of activities, including direct (or principal) investment activities for their own accounts and investment advisory activities that, with respect to any particular Client, are independent from, and may from time to time conflict with, overlap with or compete with, the investment activities of other Clients. Serone does not anticipate, however, that there will be any overlap in the investment opportunities that are appropriate for a Client and the investment opportunities that are appropriate for or permitted to Serone’s employees or affiliates. All investment opportunities appropriate for the Clients’ strategies will be allocated 100% to the Clients.

In making allocation decisions with respect to limited investment opportunities that could reasonably be expected to fit the investment objectives of multiple Clients, Serone anticipates that it may consider one or more of the following factors that it deems relevant: the investment objectives of relevant Clients, the source of the investment opportunity, any exclusive rights to investment opportunities that may have been granted to particular Clients, the expected duration of the investment in light of Clients’ investment objectives and policies (including diversification policies), the amount of available capital, the size of the investment opportunity, regulatory and tax considerations, the degree of risk arising from an investment, the expected investment return, relative liquidity, likelihood of current income or such other factors as Serone deems to be appropriate. These factors provide substantial discretion to Serone in allocating investment opportunities. Further, two or more Clients may hold an investment for which there is extremely limited, or no, liquidity or that is subject to legal or other restrictions on transfer. In a situation where Serone is limited in its ability to dispose of an investment, Serone may consider the factors described above in allocating the sale of such an investment.

If an investment opportunity is available in limited quantities, Serone may have an incentive to allocate such investment opportunity to one Client rather than other Clients. For example, such an incentive may arise if the economic interests of Serone and its employees in certain of these Clients, when combined with their rights to Management Fees and/or Performance Allocation or other fees, are significantly larger than their direct and indirect economic interests in other Clients. Such an instance may lead to fewer, and less attractive, investment opportunities being made available to Clients than would have been the case had Serone and its employees been restricted from pursuing investment programs on behalf of other Clients.

Please see Item 12 (under the heading “*Trade Allocation and Aggregation*”) for further information related to allocating investment opportunities.

Potential Conflicts Due to Overlapping Client Investments

Where Clients hold the same investment, the differing investment objectives of such Clients, as well as other factors applicable to the specific situation, may result in a determination to dispose of, or retain, all or a portion of such investment on behalf of a Client at different times as such investment or portion thereof is being disposed of, or retained, by other Clients. In addition, particularly with respect to illiquid or private investments, conflicts of interest can arise when disposing of a particular investment which would be beneficial for one Client while retaining such investment would be beneficial for another Client. Serone may also invest in securities on behalf of one Client that may differ from investments made on behalf of other Clients, even though the investment objectives of other Clients may be similar. Moreover, Serone, its Clients, or its employees may make investments or engage in other activities that express inconsistent views with respect to an investment, a particular security or relevant market conditions.

In addition, Serone expects to make other business decisions on behalf of certain Clients relating to investments independently of the manner in which it approaches a similar or even the same investment held by other Clients. Consequently, Serone, on behalf of certain Clients, may choose not to hedge certain risks that another Client hedges, or certain Clients may be exposed to risks of financing on an investment when other Clients are not. Further, in some instances, Serone may choose to coordinate its Clients’ activities (such as timing dispositions in an orderly way in order to avoid affecting the share price of an investment in an unduly volatile manner) with respect to investments held by more than one Client, when it would theoretically be possible for Serone to act unilaterally with respect to a particular Client’s holdings in such investment. Such coordination could have the effect of lowering returns for a particular Client with respect to an investment relative to what might have been achieved absent such coordination.

Should a particular Client invest in entities or assets in which other Clients hold an investment, the investment by such Client could be viewed, especially in hindsight, to have been made on a non-arm’s-length basis and could have an effect (either positive or negative) on the market price of the initial investment.

Restrictions on Client Trading Activities Resulting from the Acquisition of Material Non-Public Information or Tax Considerations

Serone employees regularly acquire confidential information and Serone may enter into confidentiality and/or “standstill agreements” when assessing investment opportunities. Serone may acquire MNPI in the ordinary course of its investment activities, which acquisition may result in restrictions on a Client’s ability to sell a Client investment at a time when it might otherwise have done so. Any of these activities could prevent Clients from buying or selling securities or other interests in an issuer, potentially for an extended period.

Serone has adopted certain policies and procedures concerning the handling of MNPI. These policies and procedures are designed to prevent insider trading and violations of applicable securities laws by each employee, Clients and Serone itself. As such, in the event that an employee

of Serone obtains MNPI with respect to any company or otherwise becomes restricted from trading the securities of such company for any reason, Serone may be prohibited for a period of time from engaging in transactions on behalf of some or all its Clients with respect to the securities of such company, which prohibitions may have an adverse effect on such Clients.

Furthermore, certain Clients may, from time to time, engage in transactions that are initiated in such a way that objectives related to tax may limit Serone's discretion over the ongoing management of the transaction.

ITEM 12. BROKERAGE PRACTICES

Selection of Broker-Dealers

Each Client pays its own brokerage commissions and other transaction costs. Neither Serone nor any of its affiliates will receive any commissions generated by a Client's trading activities.

In selecting an appropriate broker-dealer to effect a Client trade, Serone seeks to obtain best execution, taking into consideration a broker-dealer's execution capabilities and expertise to execute transactions for Client accounts, in addition to the price of the security offered by the broker-dealer. Considerations include the broker-dealer's full range and quality of services, including, among other things, its facilities, reliability and financial responsibility, reputation, execution capabilities, ability to execute difficult trades (possible market impact, size of the order and market liquidity), special execution and block positioning capabilities, commitment of capital, access to new issues, nature and frequency of sales coverage, depth of services provided, including economic or political coverage, arbitrage and option operations, access to markets, confidentiality, commission rates, responsiveness to Serone, back office and processing, custodial services, the value of brokerage and research products and services provided to Serone (*e.g.*, research ideas, analysis, and investment strategies) and the success of prior research ideas.

Serone will not adhere to any rigid formulas in selecting broker-dealers, but weighs a combination of the preceding factors. The principal factors are: (i) price; (ii) costs; (iii) speed; (iv) liquidity; (v) likelihood of execution and settlement; (vi) Client characteristics and objectives; (vii) order size/nature; and (viii) venue. Serone will in its sole discretion select broker-dealers to execute Client transactions based on a totality of the circumstances, including any or all of the factors outlined above. This means that a broker-dealer offering the most favorable commission or spread may not be selected to execute a particular transaction. The commissions and other transaction costs (which may include dealer markups or markdowns) charged to a Client by a broker-dealer in the foregoing circumstances may be higher than those charged by other broker-dealers that may not offer such products or services. In selecting broker-dealers to execute transactions, Serone need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It will not be Serone's practice to negotiate "execution only" commission rates; thus Clients may be deemed to be paying for other services, including research products and services, provided by the broker which are included in the commission rate.

Clients do not direct brokerage.

Soft Dollar Usage

Serone does not currently have any soft dollar arrangements. Serone may, from time to time, in recognition of the value of the brokerage and research services provided by a broker-dealer, pay the broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transactions) for effecting Client account transactions which may be in excess of that which another broker-dealer might have charged. Serone will effect such transactions, and receive such brokerage and research services, only to the extent that, based on Serone's good faith determination, the amount of commission is reasonable in relation to the value of the research and brokerage products or services received, viewed in terms of either the specific transaction or Serone's overall responsibility to its Clients. Serone will enter into such soft dollar arrangements only to the extent that they fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)"). Serone believes it is important to its investment decision-making processes to have access to independent research.

Generally, research services provided by broker-dealers may include, among other things, information and/or analyses on the economy, industries, groups of securities, individual companies, statistical information, accounting and tax law interpretations, political developments, legal developments affecting Client securities/investments, technical market action, pricing and appraisal services, electronic market quotations, credit analysis, risk measurement analysis, performance analysis, analysis of corporate responsibility issues, data on pricing and availability of securities, publications, attendance at conferences, due diligence on specific companies/investments and potential investment opportunities, analyses on issues raised in proxy statements and market, economic and financial studies and forecasts, software for use in research and trading and meetings arranged with corporate and industry spokespersons, economists, academicians, and government representatives. Such research services may be provided in the form of access to various computer-generated data, in written form or verbally, such as through telephone contacts or personal meetings. In some cases, research services may be generated by third parties but provided to Serone by broker-dealers.

Also, consistent with Section 28(e), research products or services obtained with "soft dollars" generated by one or more Client accounts may be used by Serone to service one or more other Client accounts. In addition, some research products or services may not be used by Serone in servicing the Clients whose commission dollars paid for the research products or services. Clients may not, in any particular instance, be the direct or indirect beneficiaries of the research products or services provided in connection with such Clients' transactions.

Where a product or service obtained with soft dollars provides both research and non-research assistance to Serone (*i.e.*, a "mixed use" item), Serone will make a good faith effort to determine the relative proportion of the research product or service used to assist Serone in carrying out its investment decision-making responsibilities, and the relative proportion used for administrative or other non-research purposes. The proportionate amount of the research product or service attributable to assisting Serone in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by Client transactions; the proportionate amount attributable to administrative or other non-research purposes will be paid for by Serone from its own resources. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of Serone's

allocation of the costs of such benefits and services between those that primarily benefit Serone and those that primarily benefit Clients.

Consistent with the foregoing, Serone will seek best execution when it has discretionary authority to select brokers. Where available, Serone may use “step-out” trade mechanisms to effect brokerage transactions. A step-out trade allows for execution through one broker-dealer who steps out all or a portion of the trade in favor of the other broker-dealer. The commission is charged by the other broker-dealer, or clearing broker-dealer, and the executing broker-dealer receives compensation only for the portion of the trade that was not stepped-out, as applicable.

Trade Allocation and Aggregation

If Serone determines that the purchase or sale of the same security is in the best interest of more than one Client account, Serone may, but is not obligated to, aggregate orders in order to reduce transaction costs to the extent permitted by applicable law. Serone will aggregate orders only if Serone determines, in its sole discretion, among other things, that (i) it is unlikely any Client whose order is to be aggregated will be disadvantaged and (ii) it is fair and effective to aggregate the trades. When an aggregated order is filled through multiple trades at different prices on the same day, each participating Client account will typically receive the average price with transaction costs allocated *pro rata* based on the size of each Client account’s participation in the order (or allocation in the event of a partial fill) as determined by Serone. In the event of a partial fill, allocations generally will be made *pro rata* based on the initial order, but may be modified on a basis that Serone deems to be appropriate, including, for example, in order to avoid odd lots or *de minimis* allocations.

Liability of Serone for Certain Acts or Omissions, Including Trade Errors

On occasion, trades may be executed on behalf of Clients that are inconsistent with the trading instructions of the Adviser or are the result of some other error in the trading process. Such trades are known as “Trade Errors” and are deemed to have occurred when, as a result of such inconsistency or other error in process, *e.g.*,: (i) the wrong instrument is purchased or sold; (ii) the wrong quantity of an instrument is purchased or sold; (iii) a purchase is made instead of a sale or a sale is made instead of a purchase; or (iv) an instrument is purchased or sold in violation of regulatory or contractual obligations. Trade Errors do not include scenarios that do not result in a trade. Trade Errors frequently result in losses but may, occasionally, result in gains. Serone will endeavor to detect Trade Errors before settlement and correct and/or mitigate them in an expeditious manner. To the extent a Trade Error is caused by a third party, such as a broker, Serone may seek to recover any losses associated with the Trade Error from such third party, but may choose not to do so in its discretion, and Serone will not be liable for such losses.

Further, Serone will not be liable for any losses resulting from trading errors and similar human errors, unless such losses result from Serone’s fraud, willful default or gross negligence. Serone will determine in its sole discretion whether it caused any Trade Error and if the error breached this standard of care. Investors should be aware that, in making such determinations, Serone will have a conflict of interest. If Serone determines that a trade error was not the result of Serone’s fraud, willful default or gross negligence, the Fund will bear the costs associated with the trade error. If Serone determines that a trade error was the result of Serone’s fraud, willful default or

gross negligence, Serone will undertake to ensure the Clients affected are not disadvantaged. Any gains resulting from a Trade Error will be for the benefit of the Client.

ITEM 13. REVIEW OF ACCOUNTS

Serone performs ongoing reviews of each of its Client's respective accounts. Such reviews are conducted by the relevant investment committee of the Adviser and the Chief Financial Officer/Chief Operations Officer/Chief Risk Officer. Additionally, as applicable, the directors of the General Partner, the Offshore Fund and the Master Fund meet quarterly to review and assess the investment policy and performance of the Feeder Funds and the Master Fund and generally to supervise the conduct of their affairs.

Serone prepares periodic reports/letters to provide to its Clients and/or Clients' underlying Investors, detailing the performance and composition of such Client's investments. As a general matter, such reports/letters are prepared and issued quarterly.

Generally, on an annual basis, each Fund will prepare and mail to each Investor, together with the report prepared by the Fund's accountants, a financial report setting forth a balance sheet of each fund and a statement of its net profit or net loss, a statement of each Investor's capital account and the manner of its calculation. After the end of each fiscal year, each Investor will be furnished certain tax information for tax return preparation purposes.

SMAs will receive monthly, quarterly and/or annual performance reports, the frequency and content of which are determined pursuant to each such Client's investment management agreement with Serone.

For additional information related to the types and frequency of reports provided to Clients, please see the relevant offering documents or investment management agreement, to the extent applicable.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

Serone does not accept an economic benefit from third parties for providing investment advisory services to Clients. Serone does have an arrangement whereby Eaton Partners, LLC acts as a placement agent for the Funds.

ITEM 15. CUSTODY

With respect to pooled investment vehicles, Serone has "custody" of those assets within the meaning of Rule 206(4)-2 under the Advisers Act (the "Custody Rule") and generally complies with its requirements by delivering audited financial statements to the Investors in such vehicles within the applicable required time frame.

Serone does not accept custody with respect to SMAs.

ITEM 16. INVESTMENT DISCRETION

Serone has full discretionary authority to manage its Clients' accounts, including authority to make decisions with respect to which securities/investments are bought and sold, the amount and price of those securities/investments, the broker-dealer to be used for a particular transaction, and commissions or markups and markdowns paid. Any limitations on Serone's discretionary authority are as agreed to with the Client in the investment guidelines and as stated in the offering documents and/or investment management agreement.

The basis for this discretionary authority is found in the subscription documents or investment management agreement as applicable to each Investor or Client.

ITEM 17. VOTING CLIENT SECURITIES

Serone accepts the authority to vote client securities on behalf of the Funds. Serone may accept authority to vote client securities on behalf of SMAs as may be provided in the relevant investment management agreement.

In addition to proxy solicitation in connection with equity securities of traditional operating companies, "voting client securities" is deemed to include any consent requested in matters such as bankruptcy or insolvency, covenant waivers in connection with debt, approvals regarding the restructuring of debt and other rights and remedies with respect to securities. Serone has adopted policies and procedures related to voting client securities on behalf of its Clients. When Serone accepts authority to vote client securities, Serone's general policy is to vote proposals, as well as amendments, consents or resolutions relating to client securities (including interests in private investment funds, if any) in a manner that serves the best interests of its Client. In determining how to vote such securities, Serone may take into account factors such as: (i) the impact on the value of the investments; (ii) the anticipated associated costs and benefits; (iii) the continued or increased availability of Client information; and (iv) industry and business practices. In some circumstances, Serone will refrain from voting client securities where Serone believes, among other potential reasons, that voting would be inappropriate, taking into consideration the cost of voting the securities, the anticipated benefit to the Client, whether Serone's Client continues to hold the securities on the voting date, or where Serone believes that resolution is not relevant to the value of the investment.

It is possible for conflicts of interest to arise in the context of Serone's voting of client securities. However, if an actual conflict of interest with respect to voting arises, the Chief Compliance Officer, together with external legal counsel if necessary as determined by Serone in its sole discretion, would be involved in the process for the particular vote to help manage and mitigate any such conflicts of interest.

A copy of Serone's policies and procedures regarding the voting of client securities can be obtained upon request.

ITEM 18. FINANCIAL INFORMATION

Serone is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to Clients and has not been the subject of a bankruptcy petition at any time during the past 10 years.