

**FORM ADV PART 2A**

**FIRM BROCHURE**

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**This brochure (the “Brochure”) provides information about the qualifications and business practices of Deimos Asset Management LLC (the “Adviser”), an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). Registration with the SEC does not imply a certain level of skill or training. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority. If you have any questions about the contents of this Brochure, please contact us at (914) 251-8100.**

**Additional information about the Adviser is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**ITEM 2**  
**MATERIAL CHANGES**

This Item is not applicable.

### ITEM 3

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### ADVISORY BUSINESS

The Adviser, a Delaware limited liability company, was established in 2014. Loren Katzovitz, Patrick Hughes and Mark Standish are the principal owners and managing members of the Adviser. As of the date of this Brochure, the Adviser has not yet commenced operations as an investment adviser. The Adviser expects to commence operations as an investment adviser on or about February 1, 2015. As a result, certain responses contained herein are based on the Adviser's expectations with respect to its investment advisory business.

The Adviser provides discretionary investment management services to private pooled investment vehicles that have been organized in the United States and in one or more foreign jurisdictions (each, a "Private Fund" and collectively, the "Private Funds") and Managed Accounts (together with the Private Funds, the "Clients"). The Private Funds are typically part of a single master-feeder complex, and each relies on exemptions from the definition of investment company as set forth in the Investment Company Act of 1940, as amended, and shares/interests in such Private Funds are not registered under the Securities Act of 1933, as amended. Managed Accounts may include institutions, pooled vehicles and funds sponsored by third parties, ERISA and government plans, and other large investors. The Private Funds and the Managed Accounts may be multi-manager or single-manager, and may be multi-strategy or single-strategy specific. Single-manager Clients will be managed by a single Portfolio Team (as defined below).

The Adviser's investment professionals are organized into separate investment portfolio teams, which may consist of a single portfolio manager (each, a "Portfolio Team"), and each Portfolio Team is headed by one or more portfolio managers (each, a "Portfolio Manager"). The Adviser may also allocate a portion of a Private Fund's portfolio to third-party managers ("Third-Party Managers") through investments in managed accounts or commingled funds managed by Third-Party Managers.

The Adviser makes capital allocations to Client investment strategies with a goal of achieving superior risk adjusted returns. There can be no assurance that a Client's investment objectives will be achieved.

Except as provided in the Private Funds' offering and disclosure documents, Private Fund investors may not impose restrictions on the Adviser's ability to invest in certain securities, types of securities, or investment strategies. The Adviser provides investment management services to Managed Accounts under the terms of investment management agreements, each of which may be tailored to the Managed Account and may include, for the applicable Managed Account, restrictions on the Adviser's ability to invest in certain securities, types of securities, or investment strategies.

The Adviser does not participate in wrap fee programs.

As of the date of this Brochure, the Adviser does not have any assets under management. On or about February 1, 2015, however, the Adviser expects to manage approximately \$101,000,000 in net assets on a discretionary basis. The Adviser does not expect to manage Client assets on a non-discretionary basis.

## ITEM 5

### FEES AND COMPENSATION

The Adviser receives a management fee (the “Management Fee”) and a performance-based allocation or fee (the “Profit Allocation”) from its Managed Accounts, which are negotiated. Therefore, a Managed Account may have a more favorable Management Fee or Profit Allocation than the Private Funds or other Managed Accounts. The Management Fee with respect to a Managed Account generally accrues monthly and is payable quarterly in arrears. The Profit Allocation with respect to a Managed Account is generally calculated and paid annually.

Managed Accounts bear transaction expenses and may or may not include other expenses similar in nature to the Private Funds, subject to the terms of the applicable investment management agreement.

## ITEM 6

### PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

The Adviser may receive a Profit Allocation from Clients under the terms and conditions described in Item 5.

The Adviser faces a conflict of interest to the extent that it manages a client account for which it receives performance-based compensation at the same time as it manages one or more other client accounts for which it does not receive performance-based compensation or receives a different level of performance-based compensation. The Adviser has the potential to receive higher compensation from a client account for which it is paid performance-based compensation than for a client account that is not charged performance-based compensation or is charged lower performance-based compensation. The Adviser may have an incentive to favor a client account or take increased investment risk on behalf of a client account for which it receives performance-based compensation or greater performance-based compensation because it could receive greater compensation from such client account. The Adviser has implemented policies and procedures to address these conflicts of interest, including policies designed to allocate trades and investment opportunities in a fair and equitable manner. These policies and procedures are described in more detail below under Item 12, "Brokerage Practices."

**ITEM 7**  
**TYPES OF CLIENTS**

The Adviser's Clients are the Private Funds and Managed Accounts.

Generally, the minimum initial investment in the Private Funds is \$10,000,000. The Private Funds may accept initial and additional subscriptions for lesser amounts in the sole discretion of the managing member, directors, or manager, as applicable.

The Adviser has not set a minimum account size for Managed Accounts, but generally seeks account sizes in excess of \$50,000,000.

## ITEM 8

### METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

#### **Investment Strategies**

The investment strategies employed by the Private Funds and Managed Accounts may include, among others, one or more of the following: fundamental long/short equity, equity index arbitrage, convertible arbitrage, statistical arbitrage, quantitative trading, fundamental credit, capital structure arbitrage, global macro, sector or industry specific investment strategies, merger arbitrage, directional trading, credit strategies (including, but not limited to, investing in structured products, bank loans, bank debts and credit default swaps), special situations, distressed companies and distressed investments as well as investing in and trading securities offered and sold in connection with new-issue or secondary offerings and secondary market trading of large blocks. More detailed information with respect to these strategies is included in the Private Fund offering and disclosure documents. The Adviser makes capital allocations to Client investment strategies with a view to constructing a diversified return stream with a goal of achieving superior risk adjusted returns.

#### **General Risks**

***Potential Loss of Investment.*** The Adviser's investment strategies involve a high degree of risk. There can be no assurance that a Client's investment objectives will be achieved or that Client investors will not lose substantially all of their investment. The list of risk factors below does not purport to be a complete enumeration or explanation of the risks associated with the Adviser's investment strategies. More detailed information with respect to the risk factors identified below, as well as additional risks, is included in the Private Fund offering and disclosure documents, as well as any Managed Account disclosure.

PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. NO ASSURANCE CAN BE MADE THAT PROFITS WILL BE ACHIEVED OR THAT SUBSTANTIAL LOSSES WILL NOT BE INCURRED.

***Financing Arrangements; Availability of Credit.*** The Adviser's use of leverage depends on the availability of credit to finance its Client portfolio. There can be no assurance that a Private Fund or any other Client will be able to maintain adequate financing arrangements under all market circumstances. As a general matter, the banks and dealers that provide financing to the Private Funds or any other Client may apply essentially discretionary margin, haircut, financing, security and collateral valuation policies. The imposition of such limitations or restrictions could compel a Client to liquidate all or part of its portfolio at disadvantageous prices. The financing available to the Private Funds or any other Client from banks, dealers and other counterparties is likely to be restricted in disrupted markets.

***Institutional and Counterparty Risk.*** Institutions, such as brokerage firms, futures commission merchants, banks, custodians (including U.S. and non-U.S. sub-custodians) and broker-dealers, generally have custody of the funds, securities or instruments constituting a Client's assets (as well as "soft dollar" commission balances of a Client, if any) and may hold such assets in "street name." Markets in which the Adviser may effect transactions may include over-the-counter ("OTC") or "interdealer" markets, and may also include unregulated private markets. Some participants in such markets are not subject to the same level of credit evaluation and regulatory oversight as are members of the exchange-based markets. The Private Funds and Managed Accounts are exposed to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the



transaction (whether or not such dispute is bona fide) or because of a credit or liquidity problem, thus causing the Private Funds or Managed Accounts to suffer a loss. Such counterparty risk is accentuated for transactions with longer maturities where events may intervene to prevent settlement, or where the Adviser has concentrated its transactions with a single or small group of counterparties. There also is the risk that a Private Fund's or Managed Account's counterparties or brokers will be required to restrict or eliminate the amount of credit previously granted to a Client due to their own financial difficulties, resulting in forced liquidation of substantial portions of the Client's portfolio.

***Leverage.*** A Private Fund, and certain Managed Accounts, generally trades and invests on a leveraged basis, through its borrowings and through leverage that may be embedded in the derivative instruments that it may use in its portfolio. Losses incurred on a Private Fund's or Managed Account's leveraged investments increase in direct proportion to the degree of leverage employed. A Private Fund and Managed Account also incurs interest expense on the borrowings used to leverage its positions. The use of leverage also may result in the forced liquidation of positions (which may otherwise have been profitable) as a result of margin or collateral calls. The use of leverage will magnify the losses and gains of a Private Fund or Managed Account. To the extent the assets of a Private Fund or Managed Account have been leveraged through the borrowing of money, the purchase of securities on margin or otherwise, the interest expense and other costs and premiums incurred in relation thereto may not be recovered. The lender providing the borrowed funds may require that the borrowed amounts be repaid, pursuant to an event of default or otherwise, at a time when a Private Fund or Managed Account has little or no liquidity and such lender will thereafter have certain rights with respect to the collateral.

***Hedging Techniques.*** Hedging techniques involve one or more of the following risks: (i) imperfect correlation between the performance and value of the instrument and the value of a Client's portfolio securities or the objective of a Client; (ii) possible lack of a secondary market for closing out a position in such instrument; (iii) losses resulting from interest rate, spread or other market movements not anticipated by the Adviser; (iv) the possible obligation to meet additional margin or other payment requirements, all of which could worsen a Client's position; and (v) default or refusal to perform on the part of the counterparty for the hedge. Use of derivatives and other techniques such as short sales for hedging purposes involves certain additional risks, including (i) imperfect correlation between movements in the securities on which the derivative is based and movements in the assets of the underlying portfolio; and (ii) possible impediments to effective portfolio management or the ability to meet short-term obligations because of the percentage of a portfolio's assets segregated to cover its derivative or short sale obligations. In addition, by hedging a particular position, any potential gain from an increase in the value of such position may be limited. The Adviser is not required to hedge and there can be no assurance that hedging transactions will be available or, even if undertaken, will be effective.

***Limits on Hedging Strategies.*** While certain Portfolio Teams or Third-Party Managers may use "market neutral" or "relative value" hedging or arbitrage strategies, this in no respect should be taken to imply that a Client's investments managed by any such Portfolio Teams or Third-Party Managers are without risk. Substantial losses may be recognized on "hedge" or "arbitrage" positions, and illiquidity and default on one side of a position can effectively result in the position being transformed into an outright speculative one.

***Currency Exchange Exposure and Currency Hedging.*** Currency hedging transactions are intended to protect the Private Funds and Managed Accounts from currency losses but could also prevent the Private Funds and Managed Accounts from profiting from any currency gains. As it is impossible to predict the future performance of the Private Funds and Managed Accounts, it is likely that the Private Funds and Managed Accounts will always be over- or under-hedged against currency rate exchange risks. Further, there can be no assurance that any such currency hedging transactions will be successful in reducing a Private Fund's or Managed Account's exchange-rate exposure, nor can there be any assurance that such

hedging transactions will not themselves result in significant losses. Such currency hedging transactions will entail expenses and gains or losses (both realized and unrealized), which may be significant. There can be no assurance that fluctuations in exchange rates will not have an adverse effect on the value of a Client's investments. There can be no guarantee that instruments suitable for hedging currency shifts will be available at the time the Adviser wishes to use them or will be able to be liquidated when the Adviser wishes to do so.

**Short Sales.** The Adviser may sell securities short on behalf of a Client. A short sale is effected by selling a security that a Private Fund or Managed Account does not own. In order to make delivery to the buyer of a security sold short, the Private Fund or Managed Account must borrow the security. In so doing, the Private Fund or Managed Account incurs the obligation to replace that security, whatever its price may be, at the time it is required to deliver it to the lender. The Private Fund or Managed Account must also pay to the lender of the security any dividends or interest payable on the security during the borrowing period and may have to pay a premium to borrow the security. This obligation must be collateralized by a deposit of cash or marketable securities with the lender. Short selling is subject to a theoretically unlimited risk of loss because there is no limit on how much the price of a security may appreciate before the short position is closed out. There can be no assurance that the securities necessary to cover the short position will be available for purchase by a Private Fund or Managed Account at a time or price that is favorable to the Private Fund or Managed Account. In addition, purchasing securities to close out the short position can itself cause the price of the relevant securities to rise further, thereby increasing the loss incurred by a Private Fund or Managed Account. Furthermore, a Private Fund or Managed Account may prematurely be forced to close out a short position if a counterparty from which the Private Fund or Managed Account borrowed securities demands their return, resulting in a loss on what might otherwise have ultimately been a profitable position.

**Turnover.** Certain Portfolio Teams or Third-Party Managers may invest on the basis of short-term market considerations. Their turnover rate is expected to be significant, potentially involving substantial brokerage commissions and fees. High rates of trading activity typically result in correspondingly high transaction costs being borne by a Private Fund or Managed Account, including substantial brokerage commissions, fees, and other transaction costs, which could have an adverse effect on the Private Fund's or Managed Account's performance.

**Tracking Error.** Although a Managed Account's investment strategy may be intended to be substantially similar to the investment strategy followed by a Private Fund, the Managed Account's portfolio holdings may differ, and are in fact likely to differ, from those of a Private Fund based upon, among other things, the Managed Account's investment guidelines and the timing of withdrawals and contributions with respect to a Managed Account or Private Fund. While a Managed Account may seek to generate gross trading returns that approximate performance parity with a Private Fund over time as measured on a time-weighted basis, there is no guarantee that performance parity will be achieved or that any performance disparity will not be significant.

### **Risks Relating to the Investment Strategies**

**Strategy Risk.** The Adviser will allocate a Private Fund's and Managed Account's capital to various strategies. Any strategy may be less or more successful than anticipated, which could result in the Client suffering significant losses and/or lost investment opportunities. There can be no assurance that the Adviser's asset allocation methodology to any specific or multiple Portfolio Teams or Third-Party Managers or investment strategies will be successful.

***No Material Limitation on Strategies.*** The Adviser opportunistically implements whatever strategies it believes from time to time may be best suited to prevailing market conditions and to the Adviser's investment approach, without material restrictions. Such strategies may involve higher levels of risk than the ones discussed herein. There can be no assurance that the Adviser will be successful in applying any strategy to a Client's investing.

***Evolving and New Investment Strategies.*** The Adviser expects that its investment approach and trading techniques will evolve over time. The Adviser may develop or incubate new strategies or approaches and deploy a Private Fund's or Managed Account's capital with the Portfolio Teams in accordance with such new strategies and approaches, regardless of the Adviser's experience in the type of markets or instruments involved. The strategies and approaches developed by the Adviser and the Portfolio Teams may not be successful and the resources devoted to the implementation of new approaches or strategies may diminish the effectiveness of the Adviser's implementation of the Adviser's established approaches or strategies.

***Revised Regulatory Interpretations Could Make Certain Strategies Obsolete.*** In addition to proposed and actual regulatory and accounting changes, there have recently been certain well-publicized incidents of regulators unexpectedly taking positions that prohibited strategies that had been used in various forms for many years. It is impossible to predict whether future regulatory developments will adversely affect a Client.

***Directional Investments.*** Certain of the positions taken by the Private Funds and certain Managed Accounts will be designed to profit from forecasting absolute price movements in a particular instrument. Predicting future prices is inherently uncertain and the losses incurred, if the market moves against a position, will often not be hedged. The speculative aspect of attempting to predict absolute price movements is generally perceived to exceed that involved in attempting to predict relative price fluctuations.

***Availability of Investment Opportunities.*** There can be no assurance that the Adviser will be able to find and retain portfolio managers that will be successful or that the portfolio managers will find suitable opportunities consistent with their respective investment approaches. Market conditions may limit the availability of investment opportunities, reduce a Private Fund's or Managed Account's deployment of capital and negatively impact the Private Fund's or Managed Account's returns.

***No Formal Diversification Policies.*** The diversification of a Private Fund's or Managed Account's positions and strategies may not be significant and, even if significant, may not provide meaningful risk control, despite diminishing the Private Fund's or Managed Account's profit potential. A Private Fund or Managed Account may at certain times hold large positions in a relatively limited number of investments and could be subject to significant losses if it holds a relatively large position in a single issuer, industry, market or a particular type of investment that declines in value, and the losses could increase even further if the investments cannot be liquidated without adverse market reaction or are otherwise adversely affected by changes in market conditions or circumstances.

***Special Situations.*** The Private Funds and certain Managed Accounts may invest in securities of issuers in "event-driven" special situations such as issuers involved in (or the target of) acquisition attempts or tender offers or issuers involved in work-outs, liquidations, spin-offs, tender offers, reorganizations, asset sales, changes in control, distributions, bankruptcies and similar transactions. The Private Funds and certain Managed Accounts may also invest in securities of issuers in weak financial condition, experiencing poor operating results, having substantial financial needs or negative net worth or facing special competitive or product obsolescence issues or that are involved in bankruptcy reorganization

proceedings, liquidation or other corporate restructuring.

In any investment opportunity involving any such type of business enterprise, there exists the risk that the transaction in which such business enterprise is involved 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 to a Private Fund or Managed Account 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, a Private Fund or Managed Account may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled issuers in which a Private Fund or Managed Account may invest, there is a potential risk of loss by the Private Fund or Managed Account of its entire investment in such issuers.

**Capital Structure Arbitrage.** A Private Fund's and Managed Account's investment program may include capital structure arbitrage. The success of this strategy will depend on the ability of the Adviser to identify and exploit the relationships between movements in different securities and instruments within an issuer's capital structure (*e.g.*, bank debt, senior and subordinated debt and preferred and common stock). In the event that the perceived pricing inefficiencies underlying an issuer's securities were to fail to materialize as expected by the Adviser, a Private Fund or Managed Account could incur a significant loss.

**Merger Arbitrage Investing.** There are significant risks associated with merger arbitrage investing. Due to the inherently speculative nature of this activity, the results may fluctuate from period to period, and are not expected to correlate with the direction of the equity markets. Accordingly, prospective investors should understand that the results of a particular period may not necessarily be indicative of results that may be expected in future periods. Generally, investments are made in the securities of a company engaging in or related to an extraordinary transaction or event after the event has been announced. Because the price offered for securities of a company involved in an announced deal will generally be at a significant premium above the market price prior to the announcement, the failure of a proposed transaction to close is generally followed by a significant decline in the value of the securities as their market price returns to a level comparable to that which existed prior to the announcement of the transaction. Furthermore, the difference between the price paid for securities of a company involved in an announced transaction and the anticipated value to be received for such securities upon consummation of the proposed transaction will often be small. If the proposed transaction appears likely not to be consummated or, in fact, is not consummated or is delayed, the market price of the securities will usually decline sharply, perhaps below the price for which the security was purchased.

**Convertible Arbitrage Investing.** Convertible arbitrage generally involves acquiring convertible securities and selling short a corresponding amount of the underlying equity security, although this relationship may be reversed. While this investment strategy is considered to be relatively "market neutral," there are many associated risks that can affect the results of this strategy. Such risks include, but are not limited to, the following: (i) dramatically rising interest rates or escalating market volatility may adversely affect the relationship between securities; (ii) convertible securities tend to be significantly less liquid than equity securities and have wider bid/offer spreads, making it more difficult to enter and profitably exit such trades; (iii) convertible arbitrage involves an inherently imperfect and dynamic hedging relationship and must be adjusted from time to time (the failure to make timely or appropriate adjustments may limit profitability or lead to losses); (iv) convertible arbitrage involves selling securities short; (v) a material change in the dividend policy of the underlying common equity may adversely affect the prices of the securities involved; (vi) changes in the issuer's credit rating may adversely affect the prices of the securities involved; and (vii) unexpected merger or other extraordinary transactions affecting the convertible security or common equity may adversely affect the prices of the securities involved.

**Model and Data Risk.** Given the complexity of the quantitative investment strategies employed by many of the Portfolio Teams, the Adviser must rely heavily on proprietary analytical models and information and data supplied by third-parties (“Models and Data”) rather than the judgment or discretion of the Adviser’s investment professionals. Models and Data are used to value investments or potential investments (whether for trading or valuation purposes). Certain of the strategies that the Adviser may pursue (including statistical arbitrage and other quantitative trading strategies) will require the use of Models and Data that it will develop over time, as well as valuation models developed by third-parties and made available to the Adviser. As market dynamics shift over time (for example, due to changed market conditions), a previously highly successful model often becomes outdated or inaccurate, perhaps without the Adviser recognizing that fact before substantial losses are incurred. These models may, for a variety of reasons, fail to accurately predict relative returns for, risk levels, volatilities of, and correlations among strategies and investments, including because of scarcity of historical data in respect of certain strategies and investments, erroneous underlying assumptions, and estimates in respect of certain data, or other defects in inputs and the models, or because future events may not necessarily follow historical norms. There can be no assurance that the Adviser will be successful in developing and maintaining effective qualitative and quantitative models it may use, and the necessity of continuously updating these models demonstrates that any of the Adviser’s past successful results from such models may not be representative of a Private Fund’s or Managed Account’s future performance.

**Relative Value Strategies.** The success of any relative value investing by a Private Fund or Managed Account (including equity index arbitrage) will be dependent on the Adviser’s ability to exploit relative mispricings among interrelated instruments. Mispricings, even if correctly identified, may not converge within the time frame within which a Private Fund or Managed Account maintains its positions. A Private Fund’s or Managed Account’s relative value strategies are subject to the risks of disruptions in historical price relationships, the restricted availability of credit and the obsolescence or inaccuracy of its or third-party valuation models. Market disruptions may also force a Private Fund or Managed Account to close out one or more positions. Such disruptions have in the past resulted in substantial losses for investment funds employing relative value strategies. A major component of relative value investing involves spreads between two or more positions. To the extent the price relationships between such positions remain constant, no gain or loss may occur. Such positions do, however, entail a substantial risk that the price differential could change unfavorably and, due to the leveraged nature of a Private Fund’s or Managed Account’s investing, result in increased losses.

**Hybrid and Other Strategies.** Many of the strategies that the Adviser may employ combine elements of more than one of the general strategy types described above or may represent a completely different strategy type. The Adviser’s approach may combine a range of different investing techniques, both implementing different strategies in different markets and combining different strategies, in the same or related markets.

**Fundamental Analysis.** A significant number of Portfolio Teams may rely on fundamental analysis. Fundamental analysis is premised on the assumption that markets are not perfectly efficient, that informational advantages and mispricings do occur and that econometric analysis can identify trading opportunities. Fundamental analysis may incur substantial losses if such economic factors are not correctly analyzed, not all relevant factors are identified and/or market forces cause mispricings to continue despite the traders having correctly identified such mispricings.

**Technical Analysis and Trading Systems.** A significant number of Portfolio Teams may rely on technical analysis and trading systems. Technical strategies rely on information intrinsic to the market itself, such as prices, price patterns, volume and volatility to determine trades. These strategies can incur major losses when factors exogenous to the markets themselves such as political events, natural catastrophes, acts of war or terrorism dominate the markets. Accordingly, technical trading systems may

be unable to respond to markets reacting to fundamental causative events until after the impact of these events has ceased to influence the market, and investment positions dictated by such methods may be incorrect in light of the fundamental factors then affecting the market.

***Complexity of Quantitative Strategies.*** The Adviser utilizes quantitative investment strategies for a substantial portion of a Private Fund's portfolio, and certain of the Managed Accounts' portfolios. The quantitative investment strategies that the Portfolio Teams apply to a Client's portfolio are highly complex. In certain cases, the successful application of a particular trading strategy may require relatively sophisticated mathematical calculations and relatively complex computer programs. While the Adviser intends to carry out such calculations and such programs correctly and to use the quantitative strategies effectively, there can be no assurance that it will prove successful in doing so. Whether or not such calculations or programs are related to a substantial portion of the portfolio, any errors in this regard ("Programming Errors") will be a cost of a Private Fund or Managed Account and could have a material adverse effect on the Private Fund or Managed Account. In addition, while the applicable Portfolio Team may seek to apply existing calculations, parameters and programs to different markets, strategies, or investments, such application may prove ineffective in such different contexts. Moreover, the effectiveness of such calculations and parameters may diminish over time when applied to any (current or different) market, strategy, or investment. With regard to any of the foregoing, the complexity of many of the strategies applied to the Private Fund or Managed Account may make it difficult or impossible to detect the Programming Errors or the source of any weakness in such strategies before material losses are incurred. Although the Adviser seeks to hire individuals skilled in each of these functions, and has adopted policies and procedures designed to assist the Adviser in limiting and identifying Programming Errors, the complexity of the individual tasks, the difficulty of integrating such tasks, and the limited ability to perform "real world" testing of the end product raises the chances that the finished model may contain an error; one or more of such errors could adversely affect a Private Fund's or Managed Account's performance and may or may not constitute a trade error under the Adviser's policies. In addition, the policies and procedures designed by the Adviser cannot prevent all Programming Errors and cannot, and are not designed to, prevent losses.

***Overlay Strategy Risks.*** A significant portion of a Client's portfolio may be allocated to overlay strategies. Overlay strategies seek to establish investment positions related in whole or in part to investment positions held by other Portfolio Teams. Such strategies may take investment positions consistent with or contrary to, as well as leveraging or de-levering, one or more investment positions held in other investment portfolios. Overlay strategies may significantly magnify losses incurred by any such other Portfolio Teams and/or reduce the gains generated by such other Portfolio Teams.

***Arbitrage/Correlation Risk.*** A Private Fund and certain Managed Accounts may engage in index arbitrage and other types of arbitrage. Arbitrage involves the purchase of an asset and the concurrent sale of that asset in a different market, or the sale of a related asset, in order to capture small price discrepancies between markets or related assets. Arbitrage strategies involving related assets carry the risk that the value of the related assets will not track or affect each other in the manner anticipated by the Adviser.

### **Risks Relating to Instruments Traded**

***Equities.*** The Private Funds and Managed Accounts may invest in equity investments, which will involve substantial risks and may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. Relatively small companies may lack management depth or the ability to generate internally, or obtain externally, the funds necessary for growth. Companies with new products or services could sustain significant losses if projected markets do not materialize. Equity prices are directly affected by issuer-specific events, as well as general market

conditions.

**Fixed-Income Investments.** The Private Funds and Managed Accounts may invest in secured or unsecured, investment-grade and sub-investment grade fixed-income securities, including unrated fixed-income securities, of U.S. or non-U.S. issuers, including, without limitation, U.S. dollar-denominated or foreign currency-denominated bonds, notes and debentures issued by both public and private corporations and that are subject to resale pursuant to Rule 144A or other legal restrictions on resale; debt securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities; money-market securities and commercial paper; and all other types of instruments including exchange-traded funds. Fixed-income securities pay fixed, variable or floating rates of interest. Fixed-income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (*i.e.*, credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (*i.e.*, market risk). Investments in lower rated or unrated fixed-income securities in which a Private Fund or Managed Account may invest, while generally providing greater opportunity for gain and income than investments in higher rated securities, usually entail greater risk (including the possibility of default of the issuers of such securities). In addition, during times of market stress, there may be a significant decline in the liquidity of fixed-income investments.

**Derivatives in General.** The Private Funds and certain Managed Accounts may make use of derivative instruments, such as convertible securities, options, futures, forwards and swaps (such as credit default swaps and total return swaps). In addition, a Private Fund and certain Managed Accounts may from time to time utilize both exchange-traded and OTC futures and options as part of its investment strategy and for hedging purposes. Derivatives are financial instruments that derive their value, at least in part, from the performance of an underlying asset, index, or interest rate. The use of derivative instruments involves a variety of material risks, including the extremely high degree of leverage sometimes embedded in such instruments. A Private Fund's or Managed Account's use of derivatives involves risks different from, or possibly greater than, the risks associated with investing directly in securities or more traditional investments, depending upon the characteristics of the particular derivative and the Private Fund's or Managed Account's portfolio as a whole.

The derivatives markets are frequently characterized by limited liquidity, which can make it difficult as well as costly to close out open positions in order either to realize gains or to limit losses. Derivatives may entail investment exposures that are greater than their cost would suggest, meaning that a small investment in derivatives could have a large potential impact on a Private Fund's or Managed Account's performance.

**Options.** Trading options is highly speculative and may entail risks that are greater than investing in other securities. Prices of options are generally more volatile than prices of other securities. In addition, to the extent that the Adviser purchases options that it does not sell or exercise, a Private Fund or Managed Account will suffer the loss of the premium paid in such purchase. To the extent the Adviser sells uncovered options and must deliver the underlying securities at the option price, a Private Fund or Managed Account has a theoretically unlimited risk of loss if the price of such underlying securities increases. If the Adviser must buy those underlying securities, a Private Fund or Managed Account risks the loss of the difference between the market price of the underlying securities and the option price. The Adviser may cause a Private Fund and certain Managed Accounts to buy or sell OTC options — options on securities that are not traded on a securities exchange and are not issued or cleared by an internationally recognized clearing corporation. The risk of nonperformance by the obligor on such an option may be greater, and the ease with which the Adviser can dispose of such an option may be less, than in the case of an exchange traded option issued by an internationally recognized clearing corporation.

***Futures/Commodities.*** Trading commodities and commodity interests (*e.g.*, futures contracts on commodities, securities indices or currencies) is highly speculative and may entail risks that are greater than the risks associated with investing in securities. Prices of commodity interests are generally more volatile than prices of securities. Futures trading will have effects on a Private Fund's or Managed Account's portfolio similar to the effects of leverage. A Private Fund or Managed Account may be exposed to market price fluctuations of securities or commodity interests underlying futures (or options on futures), while investing only a small percentage of the value of those underlying securities or commodity interests. If the market moves against a Private Fund's or Managed Account's position or margin levels are increased, the Private Fund or Managed Account may be called upon to pay substantial additional funds on short notice to maintain its position. If a Private Fund or Managed Account were to fail to make such payments, its position could be liquidated at a loss, and the Fund would be liable for any resulting deficit in its account. The Adviser's investment activities on behalf of a Private Fund or Managed Account may include non-U.S. markets where the risks of these activities may be greater than trading in futures on U.S. exchanges.

***Forward Contracts.*** The Private Funds and certain Managed Accounts may trade forward contracts in the inter-bank currency market. Such forward contracts are not currently traded on exchanges; rather, banks and dealers act as principals in these markets. Forward currency contracts are, however, subject to regulation under the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Reform Act"), a development which may entail increased costs and result in burdensome reporting requirements.

***Over-the-Counter Transactions.*** The Reform Act includes provisions that comprehensively regulate the OTC derivatives markets for the first time. To the extent not mitigated by implementation of the Reform Act, if at all, the risks posed by such instruments and techniques, which can be extremely complex and may involve leveraging of a Client's assets, include: (i) credit risks (the exposure to the possibility of loss resulting from a counterparty's failure to meet its financial obligations); (ii) market risk (adverse movements in the price of a financial asset or commodity); (iii) legal risks (the characterization of a transaction or a party's legal capacity to enter into it could render the financial contract unenforceable, and the insolvency or bankruptcy of a counterparty could preempt otherwise enforceable contract rights); (iv) operational risk (inadequate controls, deficient procedures, human error, system failure or fraud); (v) documentation risk (exposure to losses resulting from inadequate documentation); (vi) liquidity risk (exposure to losses created by inability to prematurely terminate the derivative); (vii) system risk (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); (viii) concentration risk (exposure to losses from the concentration of closely related risks such as exposure to a particular industry or exposure linked to a particular entity); and (ix) settlement risk (the risk faced when one party to a transaction has performed its obligations under a contract but has not yet received value from its counterparty).

***Swaps and Other Similar Derivatives.*** The Private Funds and certain Managed Accounts may enter into swap and similar derivative transactions involving or relating to interest rates, credit risks, non-U.S. currencies, commodities, securities, investment fund interests, indices, prices or other items. A swap transaction is an individually negotiated, non-standardized agreement between two parties to exchange cash flows (and sometimes principal amounts) measured by different interest rates, commodity prices, exchange rates, indices or prices, with payments generally calculated by reference to a principal ("notional") amount or quantity. Swap contracts and similar derivative contracts are generally subject to the same risks as over-the-counter transactions.

***Credit Default Swaps ("CDS").*** The Private Funds and certain Managed Accounts may transact in credit derivatives contracts — primarily CDS — both for hedging, investment and other purposes. The Private Funds and certain Managed Accounts may also transact in CDS on a basket of reference entities, which might or might not be a part of a synthetic collateralized debt obligation transaction. As a buyer of CDS,



a Private Fund or Managed Account will be subject to certain risks in addition to those described under “—*Derivatives in General*,” above. When investing in CDS, in addition to the risks of the underlying investments, a Private Fund or Managed Account will usually have a contractual relationship only with the counterparty of such CDS and not with the reference obligor of the reference obligation. Consequently, a Private Fund or Managed Account will be subject to the credit risk of the counterparty as well as that of the reference obligor. As a result, concentrations of CDS and other derivatives with any one counterparty subject such securities to an additional degree of risk with respect to defaults by such counterparty as well as by the reference obligor. In circumstances in which a Private Fund or Managed Account is the credit default swap buyer and does not own the debt securities that are deliverable under a credit default swap, the Private Fund or Managed Account will be exposed to the risk that deliverable securities will not be available in the market, or will be available only at unfavorable prices, as would be the case in a so-called “short squeeze.” As a seller of CDS, a Private Fund or Managed Account will incur leveraged exposure to the credit of the reference entity and is subject to many of the same risks it would incur if it were holding debt securities issued by the reference entity. However, a Private Fund or Managed Account will not have any legal recourse against the reference entity and will not benefit from any collateral securing the reference entity’s debt obligations. In addition, the credit default swap buyer may have broad discretion to select which of the reference entity’s debt obligations to deliver to a Private Fund or Managed Account following a credit event and will likely choose the obligations with the lowest market value.

***Mezzanine, Convertible, Preferred, Trust Preferred, Hybrid Securities and Other Securities.*** The Private Funds and certain Managed Accounts may invest in mezzanine debt securities, convertible securities, preferred securities, trust preferred securities and hybrid securities. Such securities, to the extent debt securities, in which a Private Fund or Managed Account may invest are generally unrated or below investment grade rated investments that have greater credit and liquidity risk than more highly rated debt obligations. Such securities are typically issued in traditional private placements or in connection with acquisitions and other business combinations and may not have a liquid trading market. Moreover, such securities are generally unsecured and subordinate to other obligations of the obligor and are subject to many of the same risks as those associated with high-yield debt securities.

***International Investing.*** The Private Funds and certain Managed Accounts engage in international investing. Investing outside the United States may involve greater risks than investing in the United States. These risks include: (i) less publicly available information; (ii) varying levels of governmental regulation and supervision; and (iii) the difficulty of enforcing legal rights in a non-U.S. jurisdiction and uncertainties as to the status, interpretation and application of laws. Moreover, non-U.S. companies are generally not subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those applicable to U.S. companies.

Non-U.S. markets may also have different clearance and settlement procedures, and in certain markets there have been times when settlements have failed to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. Transaction costs of buying and selling non-U.S. securities, including brokerage, tax and custody costs, also are generally higher than those involved in U.S. transactions. To the extent that securities are purchased in non-U.S. markets, the Private Fund’s or Managed Account’s custodian typically transfers purchase money funds to its sub-custodian located in the country in which the securities are purchased. Such sub-custodians generally maintain custody of the securities until such time as they are sold, at which point uninvested proceeds will be transferred back to a Client’s account at the custodian. Furthermore, some non-U.S. financial markets have substantially less volume than U.S. markets, and securities of many non-U.S. companies are less liquid and their prices more volatile than securities of comparable U.S. companies.

The economies of individual non-U.S. countries may also differ favorably or unfavorably from the U.S. economy in such respects as growth of gross domestic product, rate of inflation, volatility of currency exchange rates, depreciation, capital reinvestment, resources self-sufficiency and balance of payments position.

Indebtedness consisting of obligations of non-U.S. issuers may be subject to various laws enacted in the countries of their issuance for the protection of creditors. These insolvency considerations and the levels of protection provided will differ depending on the country in which each issuer is located or domiciled and may differ depending on whether the issuer is a non-sovereign or a sovereign entity.

***Trading on Exchanges Outside of the United States.*** The Private Funds and certain Managed Accounts may trade securities or futures interests on exchanges located outside the United States, where the protections provided by U.S. regulations do not apply. Trading on such exchanges is not regulated by the SEC or Commodity Futures Trading Commission and may be subject to more risks than trading on domestic exchanges such as the risks of exchange controls, expropriation, burdensome taxation, moratoria and political or diplomatic events. Some non-U.S. commodity exchanges, in contrast to U.S. exchanges, are “principals’ markets” in which performance with respect to a futures interest contract is the responsibility only of the individual member with whom the trader has entered into the contract and not of the exchange or its clearinghouse, if any. In the case of trading on non-U.S. exchanges, a Private Fund or Managed Account will be subject to the risk of the inability of or refusal by its counterparties to perform with respect to their contracts with the Private Fund or Managed Account. A Private Fund or Managed Account also may not have the same access to certain trades as do various other participants in non-U.S. markets. Such trading may require the use of a local, foreign, custodian, with attendant risks.

***Emerging Market Currencies and Securities Involve Substantial Risks.*** The Private Funds and certain Managed Accounts may invest in the securities (or instruments thereto) of less developed countries or countries with new or developing capital markets (“Emerging Markets”) as well as trade the currencies of such countries for hedging or speculative purposes. The value of Emerging Market currencies and securities may be drastically affected by political developments in the country of issuance. In addition, the existing governments in the relevant countries could take actions that could have a negative impact on a Private Fund or Managed Account, including nationalization, expropriation, unpredictable enforcement of legal frameworks, imposition of confiscatory taxation or regulation or imposition of withholding taxes on interest payments.

Some of the countries in which a Private Fund or Managed Account may invest have experienced, are experiencing or will experience political, economic and/or social instability. Many such countries have also experienced dramatic swings in the value of their national currency. There can be no assurance that such instability or such fluctuations will not occur in the future and, if they do occur, that they will not have a substantial adverse effect on the performance of the Private Fund or Managed Account.

The economies of many of the Emerging Market countries are still in the early stages of modern development and are subject to abrupt and unexpected change. In many cases, governments retain a high degree of direct control over the economy and may take actions having sudden and widespread effects. Also, many Emerging Market country economies have a high dependence on a small group of markets or even a single market. Emerging Market countries tend to have periods of high inflation and high interest rates as well as substantial volatility in interest rates, which could affect any of a Private Fund’s or Managed Account’s investments in them adversely. The currencies and securities purchased by, and the instruments relating thereto entered into by, a Private Fund or Managed Account may lack a liquid trading market, which may result in the inability of the Private Fund or Managed Account to sell such security or currency or to close out a transaction, thereby forcing the Private Fund or Managed Account to incur

potentially unlimited losses.

Many Emerging Market countries suffer from uncertainty and corruption in their legal frameworks. Legislation may be difficult to interpret and laws may be too new to provide any precedential value. Laws regarding foreign investment and private property may be weak or non-existent. Sudden changes in governments may result in policies which are less favorable to investors such as policies designed to expropriate or nationalize “sovereign” assets. Certain emerging market countries in the past have expropriated large amounts of private property, in many cases with little or no compensation, and there can be no assurance that such expropriation will not occur in the future.

In certain cases, the structures which the Private Fund or Managed Account employs to make trades in Emerging Market currencies and securities may be complex, entail significant counterparty exposure and/or not clearly comply with local law. The Private Fund or Managed Account may invest in Emerging Markets currencies and securities through various swaps and derivatives, although certain Emerging Market countries may limit or otherwise restrict the amount of such investments. Certain Emerging Markets countries are particularly likely to require identifying information about entities and persons who have direct, or even indirect, exposure to the securities of issuers in those countries. This may result in the Private Fund or Managed Account being asked to provide information about Private Fund or Managed Account investors to Emerging Markets regulators or to the brokers who are providing services to the Private Fund or Managed Account in connection with investing activities. Such information may include, but may not be limited to, the identities, addresses and countries of origin of the Members.

***Illiquid Securities.*** The Private Funds and certain Managed Accounts may from time to time invest in restricted, as well as thinly traded, instruments and securities. There may be no trading market for these securities and instruments, and a Private Fund or Managed Account might only be able to liquidate these positions, if at all, at disadvantageous prices. In addition, if a Private Fund or Managed Account makes a short sale of an illiquid security or instrument, it may have difficulty in covering the short sale, resulting in a potentially unlimited loss on that position. Securities in emerging markets are especially susceptible to such risks.

**ITEM 9**

**DISCIPLINARY INFORMATION**

This Item is not applicable.

## **ITEM 10**

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

This Item is not applicable.

## ITEM 11

### CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

The Adviser has adopted a Code of Ethics and Insider Trading Policy (the “Code”) pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Clients and prospective clients may request a copy of the Code by contacting the Adviser at the address or telephone number listed on the cover page of this Brochure. The Code sets forth procedures and limitations governing the business conduct and personal securities trading of the Adviser’s principals, officers, directors, employees and other persons designated by the Chief Compliance Officer (together, “Supervised Persons”). The Code is based on the principle that Supervised Persons owe a fiduciary duty to Clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid: (i) serving their own personal interests ahead of Clients; (ii) taking inappropriate advantage of their position with the Adviser; and (iii) any actual or potential conflicts of interest or any abuse of their position or responsibilities. The Code establishes policies and procedures reasonably designed to (a) prevent fraud and improper personal trading, (b) identify circumstances that may result in an actual or potential conflict of interest or the appearance thereof, and (c) provide a means to resolve such conflicts. The Chief Compliance Officer conducts regular training sessions for all Supervised Persons, and all Supervised Persons are required to attest annually to their receipt, understanding and compliance with the Code.

Subject to compliance with the Code’s policies and procedures, Supervised Persons may from time to time buy or sell, for their own accounts, the same securities they buy or sell for Clients, and in doing so, may take positions opposite to, or ahead of, those held by a Client or may be competing with a Client for positions in the marketplace. Such trading may result in competition for investment opportunities or create other conflicts of interest on behalf of one or more such persons in respect of their obligations to a Client. The Code requires each Supervised Person to obtain prior approval for personal transactions in securities covered by the Code, including interests in private pooled investment vehicles. Such personal trading is performed independently of the trading activities on behalf of the Clients, and it is the Adviser’s policy that the interests of its Clients always be given priority over the interests of the Adviser and its Supervised Persons.

The Adviser does not engage in trading for its own account (*i.e.*, proprietary trading).

## ITEM 12

### BROKERAGE PRACTICES

#### Best Execution

As set forth above, the Adviser's clients are the Private Funds and Managed Accounts. Pursuant to investment management agreements that have been executed by and between the Adviser and its Clients, the Adviser has full discretionary authority to select broker-dealers. For certain Managed Accounts, financing and availability of credit, as well as prime brokerage arrangements and counterparties to over-the-counter transactions, may be determined by the Managed Account Client. The Adviser has a formal process to review and approve all counterparties to its Clients.

In selecting a broker-dealer, the Adviser will seek to obtain best execution and may take into account such relevant factors as (i) overall reputation, (ii) level of service provided, (iii) price, (iv) the broker-dealer's facilities, reliability and financial responsibility, (v) the ability of the broker-dealer to effect securities transactions, particularly with regard to such aspects as timing, order size and execution of orders and (vi) the research and brokerage services provided by such broker-dealer to the Adviser. The Adviser has no obligation to seek the lowest possible commission or transaction cost. Accordingly, the Adviser may enter into soft dollar arrangements as described below. The Adviser pays bundled commission rates and receives proprietary research from many of its executing and prime brokers. As a result, the Adviser may pay commissions in excess of what another broker might have charged for the same transactions in recognition of the value of the brokerage and research services provided by the broker and used for the benefit of the Private Fund. In addition, the Adviser may, subject to its best execution policy, trade with certain brokers primarily in consideration for providing research or brokerage services. In any such case the Adviser will determine in good faith that the amount of commissions or transaction costs charged is reasonable in relation to the value of the brokerage and research products or services provided by the broker.

#### Soft Dollar Benefits

Section 28(e) of the Securities Exchange Act of 1934, as amended, provides a "safe harbor" to investment managers who use commission dollars generated by their advised accounts to obtain investment research and brokerage services from vendors that provide lawful and appropriate assistance to the manager in the performance of investment decision making responsibilities. Conduct outside of the safe harbor afforded by Section 28(e) is subject to the traditional standards of fiduciary duty under state and federal law. The Adviser will accept "soft dollar" services only of the type that it reasonably believes come within the safe harbor of Section 28(e), though its soft dollar arrangements outside the U.S. may not be within the scope of the requirements of Section 28(e).

As noted above, best execution does not necessarily require the Adviser to solicit competitive bids and does not have an obligation to seek the lowest available commission or transaction cost.

Research services within Section 28(e) may include, but are not limited to: quotation services and market data; economic and market information and analysis; portfolio strategy advice; industry and company comments; technical data; recommendations; general reports; information on industries, groups of securities, individual companies, political developments, legal developments affecting portfolio investments and technical market action; statistical information; accounting and tax law interpretations; credit analysis; risk measurement analysis and performance analysis. Such research services may be provided in the form of meetings arranged with corporate and industry spokespersons, economists,

academicians and/or government representatives as well as by various electronic and written means.

Brokerage services within Section 28(e) may include, but are not limited to: services related to the execution, clearing and settlement of securities transactions and functions incidental thereto, e.g., connectivity services between the Adviser and a broker-dealer and other relevant parties such as custodians; trading software operated by a broker-dealer to route orders; software used to transmit orders and provide trade analytics; software that provides trading strategies; trade clearance and settlement; electronic communication of allocation instructions; routing settlement instructions; post-trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

The Adviser derives substantial direct or indirect benefit from these services, particularly to the extent the Adviser would otherwise have been required to pay for such services. If as and when the Adviser manages one or more other funds, the investment information received from brokers may be used by the Adviser in servicing other accounts, and not all such information may be used by the Adviser in connection with a particular Client. The Adviser is not required to allocate such benefits *pro rata* or on any other equitable basis among its accounts.

The Adviser expects to enter into formal soft dollar arrangements with broker-dealers where the Adviser pays for and receives research products or execution related services from third parties in exchange for brokerage commissions. The Adviser is not obligated to allocate either a stated dollar or stated percentage of any brokerage to any broker for any minimum time period, whether under a formal arrangement or otherwise, and will review its brokerage relationships from time to time.

#### Brokerage for Investor and Client Referrals

Broker-dealers (including prime brokers) may assist the Private Funds in raising additional capital from investors and may assist the Adviser in securing managed account investors. Representatives of the Adviser may speak at conferences and programs sponsored by such broker-dealers (“capital introduction events”) for investors who may be interested in investing in hedge funds or managed account structures. Neither the Adviser nor the Private Funds separately compensate any broker-dealer for the provision of capital introduction services or for any investments that might ultimately be made by prospective investors attending such capital introduction events.

The Adviser may have an incentive to use a broker-dealer based in part on its interest in receiving client and investor referrals rather than on the Private Funds’ interest in receiving the most favorable execution. However, the Adviser will primarily select a broker-dealer based on best execution standards and its fiduciary duties to Clients. The Adviser does not commit to allocate either a stated dollar or stated percentage of Client brokerage to any broker-dealer.

#### Directed Brokerage

The Adviser does not have any directed brokerage arrangements.

#### Trade Aggregation and Allocation

Aggregation describes the practice of combining orders on behalf of numerous client accounts. The Adviser may aggregate orders for multiple Client accounts. The allocation between or among the participating client accounts will be determined at the time the order is entered. Partial fills of such trade orders will be allocated according to the respective percentages that were determined at the time the order was entered, unless it is not practicable to do so based on the nature of the security or other investment



being purchased or sold. In the case of aggregated orders, the prices received by all of the participating client accounts will be the same prices received by each of the other participating Client accounts. Depending upon the nature of the security or other investment, the Adviser may use an acquisition vehicle to hold title to the investment on behalf of the participating client account in order to allow more than one client to participate in such investment, which might not otherwise be practicable.

The Adviser will seek to allocate orders and investments opportunities among clients in a manner that the Adviser believes is in the best interests of all Clients. Although such allocations may be pro rata as to the participating Clients, they will not necessarily be so where the Adviser's allocation policies (*e.g.*, differing objectives or other considerations) dictate a different result.

In cases where a limited amount of an instrument is available for purchase, the allocation of such instrument, as between the participating Clients, may necessarily reduce the amount available for purchase by a Client. There can be no assurance that a particular order or investment opportunity will be allocated in a particular manner.

#### Trade Errors

The Private Funds and Managed Accounts generally will bear the cost of any clerical errors, systems errors or mistakes by the Adviser with respect to its placing or executing trades for the Private Funds and Managed Accounts ("Trade Errors"), as such errors are considered by the Adviser to be a cost of doing business. However, based on the standard of care and exculpation of liability and indemnification provisions of the investment management agreement of each Private Fund and Managed Account, the Adviser will be obligated to reimburse a Client for any Trade Error resulting from the Adviser's breach of such standard of care. The Adviser, subject to its fiduciary obligations, will determine whether or not any loss resulting from a Trade Error is required to be reimbursed in accordance with such liability and exculpation provisions. Any positive Trade Errors will generally be for the benefit of a Client.

The Chief Compliance Officer will be responsible for approving corrective actions, as appropriate, and for evaluating whether additional procedures may be necessary to prevent the recurrence of similar Trade Errors. The Chief Compliance Officer maintains, as part of the Adviser's books and records, documentation related to Trade Errors, as well as any corrective actions and preventative measures taken. Under no circumstance will the Adviser utilize soft dollar arrangements as a means for resolving a Trade Error.

## ITEM 13

### REVIEW OF ACCOUNTS

The risk exposures of the Clients are reviewed and monitored on an ongoing basis by the Chief Risk Officer. Generally, these reviews utilize a variety of analytical techniques and systems which monitor exposure and risk factor sensitivities. Additionally, the Chief Compliance Officer conducts an ongoing review of trading activity of the Private Funds and Managed Accounts to monitor compliance with internal policies and procedures, and regulatory limitations, as applicable. Finally, the Adviser's Operations Department, under the supervision of the Director of Operations, monitors transactions with respect to the accuracy of third party reporting through its daily counterparty reconciliation process.

The Private Funds (or the administrator on its behalf) distributes to each Private Fund investor monthly unaudited account statements and, within 120 calendar days after the close of each fiscal year, an annual report containing audited financial statements (including a statement of income and statement of financial condition) of the Private Funds for the fiscal year then ended, prepared in accordance with United States generally accepted accounting principles ("GAAP") and accompanied by a report of the certified public accounting firm that audited such financial statements.

Managed Account Clients receive periodic reporting as set out in the applicable investment management agreement.

**ITEM 14**

**CLIENT REFERRALS AND OTHER COMPENSATION**

This Item is not applicable.

## **ITEM 15**

### **CUSTODY**

The Adviser is deemed to have custody of Private Fund assets due to its investment management activities on behalf of the Private Funds.

As discussed in Item 13, Private Fund investors will receive, within 120 calendar days after the close of each fiscal year, an annual report containing audited financial statements of the Private Funds for the fiscal year then ended prepared in accordance with GAAP by an accounting firm registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. Private Fund investors should review these financial statements and the information set out in them carefully.

The Adviser is generally not deemed to have custody of Managed Account assets.

## **ITEM 16**

### **INVESTMENT DISCRETION**

The Adviser has discretionary authority over each Client portfolio pursuant to an investment management agreement executed by and between the Adviser and each Client. The Adviser's discretionary authority is generally subject only to restrictions and parameters as set forth in each of the Private Fund's offering and disclosure documents or a Managed Account's investment management agreement, as well as applicable legal and regulatory restrictions.

## ITEM 17

### VOTING CLIENT SECURITIES

The Adviser, through its investment management agreements with its Clients, is authorized to exercise voting authority over Client securities. In order to minimize potential conflicts of interest among the Adviser and its Clients, and to ensure that all U.S. proxy votes are properly and timely placed, the Adviser has engaged Institutional Shareholder Services (“ISS”), a third party vendor, to review and vote proxies on behalf of Clients. In accordance with Advisers Act Rule 206(4)-6, the Adviser generally subscribes to the pre-determined proxy voting guidelines adopted by ISS (“ISS Guidelines”). Notwithstanding the ISS Guidelines, the Adviser reserves the right to direct ISS to vote a Client proxy in a manner that is contrary to the ISS Guidelines, but determined by the Adviser to be in the best interest of Clients. Private Fund investors cannot direct the Adviser to vote in a particular manner. A Managed Account Client may direct the Adviser to vote in a particular manner, as provided in its respective investment management agreement.

The Adviser’s proxy voting policies and procedures may be changed from time to time. A copy of the Adviser’s Proxy Voting Policy and the ISS Guidelines, and information on how the Adviser voted specific proxies, will be available to Clients upon request. Please contact the Adviser at the address or telephone number listed on the cover page of this Brochure.

**ITEM 18**  
**FINANCIAL INFORMATION**

This Item is not applicable.

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