

## **Form ADV Part 2A: Firm Brochure**

### **Logen Asset Management LP**

**March 30, 2016**

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This brochure provides information about the qualifications and business practices of Logen Asset Management LP (“LAM”). If you have any questions about the contents of this brochure, please contact us at 212-468-5320 or email [nsapru@logenam.com](mailto:nsapru@logenam.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

LAM is registered as an investment adviser under the Investment Advisers Act of 1940 (the “Advisers Act”). Registration as an investment adviser with the SEC does not imply a certain level of skill or training.

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## Item 2. Material Changes

LAM uses this Item 2 (Material Changes) to discuss material changes that are made to the brochure as part of our annual update, or where required in the intervening period.

LAM has updated the amount of clients' assets managed on a discretionary and non-discretionary basis as of December 31, 2015 in Item 4 (Advisory Business).

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## Item 4. Advisory Business

LAM is organized as a limited partnership under the laws of the State of Delaware. The Limited Partners of LAM are Norman Louie and Steven Gendal. The investment activities of LAM are led by both Messrs. Louie and Gendal. Other investment professionals work with Norman and Steven to execute LAM's investment strategy.

LAM's primary objective is to deliver to its investors superior risk-adjusted returns throughout the credit cycle by investing in event driven credit, including distressed and stressed debt, and "special situations." LAM will employ an opportunistic, deep-value oriented approach that attempts to capitalize on market dislocations (e.g., supply and demand imbalances and asset/liability mismatches) and inefficiencies (e.g., instances where value is obscured due to lack of clarity on a process such as restructuring or bankruptcy).

LAM intends to serve as an investment manager and to provide discretionary advisory services initially to a domestic private investment partnership and a foreign investment company organized as a master-feeder structure (each a "Fund" or collectively the "Funds"). It is the current intention that LAM will serve as investment manager to a master fund, and all investing will be done at the master fund level. An affiliate of LAM will serve as the general partner ("General Partner") of the domestic private investment partnership.

LAM currently provides discretionary investment management service to a Separately Managed Account ("SMA Client" or collectively with the "Funds," the "Clients"). The SMA Client's account is managed in accordance with the investment strategy described in the advisory agreements LAM has entered into with its SMA Client.

LAM also provides certain administrative and investment services to Whippoorwill Capital Management LP ("WCM"), an affiliated adviser registered under the Advisers Act. Pursuant to a service level agreement between LAM and WCM, effective June 26, 2015, (the "Service Agreement"), LAM employees provide certain administrative and investment services to WCM, including but not limited to investment research and operational support. LAM does not receive any compensation from WCM but will allocate certain expenses including, but not limited to salaries and research expenses to WCM pursuant to the Service Agreement.

Effective July 1, 2015, LAM commenced a sub-advisory relationship with Whippoorwill Associates Inc., ("WAI"), a registered investment adviser and affiliate of WCM. LAM provides services to WAI to assist with the firm's investment program on behalf of WAI's clients. Pursuant to its sub-advisory agreement with WAI, LAM will make recommendations to WAI regarding the sale of any investments held by WAI's clients, as well as any purchases of investments necessary or appropriate to preserve the value of any existing investment. When LAM believes either there is an attractive opportunity for a WAI client to exit a position in its portfolio, or that purchasing an investment will help to preserve the value of a client's portfolio, LAM will bring the opportunity to WAI's attention, and if WAI agrees with the recommendation, WAI will execute accordingly. LAM receives compensation from WAI for its sub-advisory services pursuant to an agreement between LAM and WAI.

As of December 31, 2015, LAM managed approximately \$183 million on a discretionary basis on behalf of one account and \$101.9 million on a non-discretionary basis on behalf of one account.

## **Item 5. Fees and Compensation**

### The Funds

LAM intends to provide investment advisory services to each of the Funds pursuant to separate investment management and/or limited partner agreements (the “Agreements”). The Agreements for each Fund, along with specific organizational documents of the Fund, set forth in detail the fee structure relevant to each such Fund. The terms of the Agreements are generally established at the time of the formation of the applicable Fund.

LAM will typically receive compensation from fees based on a percentage of assets under management, incentive allocations and certain other fees or expenses related to transactions (see below). Investors should review all fees charged by LAM and others to fully understand the total amount of fees to be paid by a Fund and, indirectly, by their investors.

### Management Fee

A quarterly management fee (“Management Fee”) will be paid to LAM by the Funds. The Management Fee will be calculated and paid quarterly in advance. The Management Fee will equal 0.375% (1.50% annual rate) of the quarter-end Gross Asset Value of each investor’s Capital Account. The Management Fee for the Funds’ Founders’ share class will equal 0.3125% (1.25% annual rate) of the average quarter-end Gross Asset Value of each Founder’s Capital Account.

### Incentive Allocation

The Agreements also provide that the investors will bear an annual incentive allocation (the “Incentive Allocation”) which is calculated and charged separately with respect to each investor’s capital account, equal to no more than 20% of the performance (for that year) attributable to each investor’s capital account, subject to a loss carry forward balance. A withdrawal, transfer or distribution will result in an incentive allocation being made equal to that which would have been made had the withdrawal occurred at the end of the calendar year. Investors may be subject to a 5% early withdrawal fee for withdrawing capital prior to the first anniversary of each capital contribution. The Funds’ Founders’ share class will be subject to an annual 15% incentive fee.

### Organizational Expenses

The Funds will bear all of their organizational costs. The Funds’ organizational and initial offering costs are expected to be amortized over a 60-month period — beginning with the date that the first subscriptions are accepted — for purposes of calculating net asset value (although these costs will be expensed in their entirety for financial reporting purposes as of the initial issuance date); provided that if these expenses are de minimis as compared to the Funds’ capitalization as the General Partner

expects, the General Partner may elect to accelerate such amortization as a matter of administrative convenience.

### Other Expenses

The Funds will bear all of their operating costs. The Funds operating expenses include, without limitation: (i) costs of identifying, acquiring, modifying and reselling interests; (ii) interest charges, financing charges and applicable withholding and other taxes; (iii) the fees for the servicing and special servicing of loans held by the Funds; (iv) legal, accounting, auditing and other professional fees and expenses, including consulting and appraisal fees and expenses; (v) tax preparation and “tax matters partner” fees and expenses; (vi) any taxes and duties payable in any jurisdiction in connection with the Funds’ operations; (vii) fees in connection with the custody of the Funds’ assets; (viii) insurance costs; (ix) computer services; (x) administrative costs (including the fees and out-of-pocket expenses of the Administrator), accounting verification (if any) and/or investor registrar services; (xi) technology expenses, including computer software licensing, development, purchasing, programming and operating costs; (xii) market data, third party research and other licensing fees; (xiii) any other operating or administrative expenses related to accounting, research, due diligence and reporting; (xiv) travel expenses incurred by LAM for due diligence, servicing and improving of the assets; (xv) costs and expenses relating to the Fund’s and LAM’s regulatory compliance, including, without limitation, the costs of compliance programs, examinations, regulatory inquiries and regulatory filings (including Forms PF, Form CPO-PQR, Annex IV required by AIFMD and other regulatory and reporting forms required to be submitted by a LAM person or the Funds relating to the Funds’ trading and investing); (xvi) the costs of tax-related compliance; (xvii) any indemnification payments; and (xviii) extraordinary expenses.

The General Partner, at its sole discretion, may elect to reduce, waive or calculate differently the Management Fee and Incentive Allocation with respect to any person, including through separate written agreements with investors.

### SMA Clients

LAM’s fees and compensation are described in the advisory contracts it enters into with the SMA Clients. LAM’s SMA clients are “qualified purchasers” (as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “1940 Act”). Compensation generally is comprised of a management fee and an annual incentive allocation.

More information regarding LAM’s brokerage practices and brokerage expenses is discussed in Item 12 (Brokerage Practices).

In addition, as discussed in Item 4 (Advisory Business), LAM receives compensation in connection with sub-advisory and service level arrangements with certain affiliated entities.

## **Item 6. Performance Based Fees and Side-by-Side Management**

As described above, LAM or its affiliates intend to receive an incentive allocation and because the incentive allocation is calculated on a basis which includes unrealized appreciation of the Funds' portfolio, it may be greater than if such compensation were based solely on realized gains. These fees may create an incentive to make more speculative investments and make different decisions regarding the timing and manner of the realization of such investments, than would be made if such incentive fees were not allocated to LAM.

## **Item 7. Types of Clients**

LAM provides investment advisory services to separately managed accounts and the Funds. Investment advice is provided directly to the Funds and subject to the direction and control of the General Partner and/or Directors of each Fund and not individually to the investors. Investors in the Funds may include, but are not limited to, high net worth individuals, family offices, fund of hedge funds, endowments, foundations, trusts, charitable organizations, pension plans, and corporate or business entities.

Details concerning applicable investor suitability criteria are set forth in the respective Fund's offering documents and subscription materials. The minimum commitment for an investor is outlined in the respective Governing Fund Documents (as defined below) for each Fund, but is generally \$5 million. However LAM and/or its affiliates maintain discretion to accept less than the minimum investment threshold. Each investor is required to meet certain suitability qualifications, such as being an "accredited investor" within the meaning set forth in Regulation D under the Securities Act, as amended, and a "qualified purchaser" as defined in Section 2(a)(51) of the Investment Company Act, as amended.

The "Governing Fund Documents" means each Fund's confidential private placement memoranda, subscription agreements and other governing documents applicable to each Fund.

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

### Investment Strategy and Methods of Analysis Generally

The Fund's primary objective is to deliver superior risk-adjusted returns throughout the credit cycle by investing in event-driven distressed and stressed credit as well as in "special situations." LAM will employ an opportunistic, deep-value oriented approach that attempts to capitalize on market dislocations (*e.g.*, supply and demand imbalances and asset/liability mismatches) and inefficiencies (*e.g.*, instances where value is obscured due to lack of clarity on a process such as restructuring or bankruptcy).

LAM seeks investment opportunities where:

- 1) There is a dislocation or inefficiency causing negative sentiment by an investor base that has capitulated;

- 2) It is able to see past the current problems to an eventual correction;
- 3) It has the ability to estimate intrinsic value with a high degree of certainty;
- 4) Assets are mispriced and it is able to invest at what it considers to be a sufficient discount to intrinsic value; and
- 5) It is able to understand how long it will take for the market value and intrinsic value to converge, and believes that the Fund has a sufficient “equity cushion” to accommodate duration risk.

Idea generation starts with a focus on “out of favor” markets and companies. Within this universe, LAM looks for extensive supply/demand imbalances, the presence of forced or non-economic sellers and market overreactions. Ideas are generated from concentrating on companies that are:

- 1) Impacted by negative corporate events — *e.g.*, fraud, litigation, recapitalizations, restructurings, bankruptcy, management changes and/or earnings restatements;
- 2) Facing operational distress arising from unfavorable secular trends, regulatory changes or structural industry changes; and
- 3) Suffering from financial and macroeconomic events such as commodity price movements, interest rate changes, currency issues or lack of available credit.

The research process entails a fundamental bottom-up analysis of the probability adjusted returns of individual securities and assets. LAM begins with a comprehensive review of all available information which it considers relevant to the particular thesis. Whether LAM is assessing the going concern value of a business or the liquidation value of discrete assets, LAM builds financial models utilizing information gleaned from SEC filings by the target company, its competitors, industry experts and appraisal firms. This quantitative analysis is further refined with qualitative company and industry information obtained from management meetings, customers, suppliers, competitors, news services, industry trade journals and third-party experts. Legal documents, such as credit agreements, bond indentures and bankruptcy court filings, are reviewed internally. When necessary, outside attorneys are hired to analyze complex issues.

For distressed securities, valuation is only the beginning of the research process. In situations where some form of restructuring, either bankruptcy or an out-of-court solution, is anticipated, LAM must develop a view about how: (1) the business will be affected by the process (*e.g.*, suppliers may reduce or eliminate credit terms and customers may divert orders due to uncertainty of supply); and (2) value will flow to each stakeholder (while the letter of the law may dictate a particular outcome, ultimate value is often impacted, positively or negatively, by negotiation). There are usually several possible outcomes so probability-weighted scenario analysis is critical. These scenarios will include differing views on economic conditions, restructuring process timeline, hold-up value by a particular creditor class, legal issues, deal dynamics and ownership composition of each stakeholder class.

Once an investment is made, LAM rigorously monitors the issuer's performance to assess changes in duration, market and issuer-specific risk. The review process involves following the issuer and its competitors as well as the industry as a whole. New information is evaluated to determine if the original thesis remains intact. Formal reviews of each investment are conducted quarterly as well as whenever LAM determines that a material development has occurred.

#### Summary of the Principal Investment Risks

**Importance of the Partners** – The Funds are dependent on the ability of LAM to manage the Funds' investments. LAM, in turn, is dependent on the services of its Partners. Were LAM to lose the services of the Partners, LAM may decide to wind-up the Funds, perhaps under materially disadvantageous market conditions.

**Volatility** - Price movements in the instruments in which the Funds trade are influenced by many unpredictable factors, such as market sentiment, inflation rates, interest rate movements, commodities prices, event probability, credit spreads and general economic and political conditions.

The investment strategies utilized by the Funds may not employ substantial hedging techniques, and may employ leverage (anticipated as being limited to short sales and derivatives), both of which may lead to increased volatility of the Funds' Net Asset Value given the volatility of the Funds' holdings.

**Concentrated Strategy** - The Funds concentrate their investments in the event driven credit, including distressed and stressed debt, and "special situations," markets. Not only can investments in these markets be subject to a much greater extent than many other "alternative strategies," to inadequate information concerning the issuers involved (the "true status" of distressed issuers often being much more opaque than that of a "business as usual" issuer), as well as unequal access to deal flow, but also the uncertainty of the bankruptcy and reorganization (as well as other "special situation") processes inevitably adds an incremental uncertainty to the outcome of any given investment.

**Concentrated Portfolio** - Not only is LAM's strategy concentrated in event driven credit, including distressed and stressed debt, and "special situations," but also LAM anticipates that the Funds portfolio will hold only a comparatively limited number of positions — perhaps no more than 30-40 at any given time. LAM's strategy is resource-intensive as its investment approach is based on an in-depth understanding of distressed and "special situations." Accordingly, if only a few of its investments are unsuccessful, the profit potential of the Funds could be materially diminished.

**Lack of Liquidity/Valuation** - Certain instruments traded by the Funds (in addition to Restricted Investments) may have limited liquidity. Lack of liquidity can make it difficult or impossible for the Funds to purchase or sell securities at desired prices or in desired quantities, as a result of which, among other things, it may be economically unfeasible for the Funds to recognize profits on open positions or to close out open positions against which the market is moving. In particular, sales of illiquid instruments may be possible only at a substantial discount. In addition, such instruments may be difficult to value, and illiquidity can disconnect market values from the historical pricing indicators used in the Funds' investment analysis, as the fewer transactions that take place the greater the risk of market values not reflecting true pricing relationships or fair value.



**Restricted Investments** - LAM will have the ability from time to time to designate as restricted investments up to 20% of the Fund's portfolio. Restricted investments will typically be of uncertain, but expected to be extended, duration and hard to value. No withdrawals are permitted from restricted investments, and investors will continue to participate in the restricted investments in which they are invested even after they have otherwise withdrawn from the Fund.

Prospective investors must recognize that the distressed credit/special situation strategy implemented by LAM may result in a significant level of illiquidity in the Funds' overall portfolio.

**"Special Situations"** - The Funds are expected to invest in companies involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving any such type of "special situation," there exists the risk that the contemplated transaction either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security with a value less than the purchase price to the Funds 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, the Funds may be required to sell their investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the Funds may invest, there is a potential risk of loss by the Funds of their entire investment in such companies.

**Uncertain Exit Strategies** - A portion of the securities in which the Funds invest may have a limited trading market. Consequently, not only may it be necessary for LAM to spend a considerable period of time building a position (so as to avoid affecting market prices in the course of doing so), but also it may not be feasible for LAM to exit a position effectively by open market sales (due to the adverse effect which such sales would have on the price of the securities being sold) in the event of non-consummation (consummation).

**Distressed Securities** - The Funds may invest in "distressed" securities, which are claims and obligations of U.S. and non-U.S. entities which are experiencing significant financial or business difficulties. Investments may include loans, loan participations, trade claims held by trade or other creditors, stocks, partnership interests and similar financial instruments, executory contracts and options or participations therein not publicly traded. Although such purchases may result in significant returns, they involve a substantial degree of risk and may not show any return for a considerable period of time. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies or sovereign issuers experiencing significant business and financial distress is unusually high.

**Short Sales** - The Funds may sell securities short during the course of implementing its trading or hedging strategies. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on the Funds' portfolio. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short. Because the borrowed securities sold short must later be replaced by securities purchased in the market, any appreciation in the market price of these securities results in a loss. Purchasing securities to close out a short position can itself cause the market price of the securities to rise further, increasing losses.

Furthermore, the Funds may be prematurely forced to close out a short position if a counterparty from which the Funds borrowed securities demands their return or increases the borrowing costs. There can be no assurance that securities necessary to cover a short position will be available for purchase.

**Derivatives** - The Funds may use derivative financial instruments, including, without limitation, warrants, options, swaps, convertible securities, notional principal contracts, contracts for differences, forward contracts, futures contracts and options thereon, and may use derivative techniques for hedging and for other trading purposes. The use of derivative instruments involves a variety of material risks, including the extremely high degree of leverage often embedded in such instruments and the possibility of counterparty non-performance as well as of material and prolonged deviations between the actual and the theoretical value of a derivative, due to, *e.g.*, nonconformance to anticipated or historical correlation patterns. In addition, the markets for certain derivatives are frequently characterized by limited liquidity, which can make it difficult as well as costly to the Fund to close out positions in order either to realize gains or to limit losses.

The descriptions of risk factors contained above are a brief overview of different market risks related to LAM's investment strategy; however, it is not intended to serve as an exhaustive list or a comprehensive description of all risks and conflicts that may arise in connection with the management and operations of the Funds. In addition, key risk areas inherent to investing also include risks related to the operations and investment activities of the Funds, risks related to specific investments, and risks related to U.S. and non-U.S. jurisdictions.

Investors are recommended to review the Governing Fund Documents for a more complete discussion of the risk factors associated with the Fund.

## **Item 9. Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or investor's evaluation of the adviser or the integrity of the adviser's management. Neither LAM nor any of its officers, directors, employees or other management persons, have been involved in any legal or disciplinary events in the past ten years that would require disclosure in response to this Item.

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

The domestic private investment partnership is organized as a Delaware limited partnership and is controlled by the General Partner. LAM or the General Partner are responsible for decisions regarding the Funds and have full discretion over the management of such Funds' investment activities. Any persons acting on behalf of the General Partner are subject to the supervision and control of LAM. While the General Partner is not separately registered as an investment adviser with the SEC, all of its investment advisory activities are subject to the Advisers Act and the rules thereunder.

The Partners of LAM, Norman Louie and Steven Gendal, are also Partners in an affiliated investment adviser, WCM which serves as a sub-adviser to a registered investment company. Norman Louie and Steven Gendal will devote to LAM's clients as much time as deemed reasonably necessary and appropriate.

As discussed in Item 4 (Advisory Business), LAM provides certain administrative and investment services to WCM, including but not limited to investment research and operational support.

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

Pursuant to Rule 204A-1 of the Advisers Act, LAM has adopted a written Code of Ethics (the "Code"). The Code is designed to address and avoid potential conflicts of interest and is applicable to all officers, directors, members, partners or employees of LAM. A summary of the Code is provided below. However, a full copy of the Code will be made available to investors upon request.

The Code places restrictions on personal trades by employees, including that they disclose their personal securities holdings and transactions to LAM on a periodic basis, and requires that employees pre-clear certain types of personal securities transactions. LAM, its affiliates and its employees may not invest on behalf of themselves in securities that would be appropriate for, held by, or may fall within the investment guidelines of the Funds.

## **Item 12. Brokerage Practices**

### Selection of Brokers

LAM has complete discretion in deciding which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid.

In selecting brokers to effect portfolio transactions for the Clients, LAM considers such factors as the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; the firm's risk in positioning a block of securities; the quality, comprehensiveness and frequency of related services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying our selection criteria. Accordingly, if LAM determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and products or services provided by such broker, the Funds may pay commissions to such broker in an amount greater than the amount another broker might charge for effecting the same transaction.

### Order Aggregation and Average Pricing

When LAM determines that it would be appropriate for the Funds and the SMA Clients, LAM will seek to execute orders for all of the participating investment accounts on an equitable basis. If LAM has determined to invest at the same time for more than one of the investment accounts, LAM will generally place combined orders for all such accounts simultaneously and if all such orders are not filled at the same price, it will generally average the prices paid. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, LAM will allocate the trade among the different accounts on a basis that it considers equitable.

#### Brokerage for Investor Referrals

LAM does not receive investor referrals from broker-dealers or third parties in return for selecting broker-dealers to execute Fund transactions. However, LAM may enter into agreements on behalf of the Funds with certain broker-dealers that act as prime brokers on behalf of the Funds to participate in programs for potential investors interested in investing in private funds which are sponsored by those broker-dealers. These programs may be a means by which LAM can be introduced to potential investors in the Funds. Although neither LAM nor the Funds compensate prime brokers for organizing such “capital introduction” programs or for any investment that ultimately may be made by prospective investors, attending such programs provided by a prime broker may influence LAM in deciding whether to use the prime broker in connection with brokerage, financing and other activities of the Funds. LAM will not commit to allocate a particular amount of brokerage to a prime broker in any such situation.

#### Best Execution

In evaluating whether a broker or dealer will provide best execution, LAM considers a range of factors, including, but not limited to, the following:

- 1) Historical net prices (after markups, markdowns or other transaction-related compensation) on other transactions;
- 2) The broker's or dealer's:
  - a) Capabilities generally with respect to the execution, clearance and settlement and error correction and in connection with securities of the type and in the amounts to be bought or sold;
  - b) Willingness to commit capital;
  - c) Reliability and financial stability; and
  - d) Willingness to keep information confidential.
- 3) The size of the transaction;
- 4) The availability of the product;

- 5) The availability of securities to borrow for short sales;
- 6) The nature, quantity and quality of research provided by the broker or dealer; and
- 7) The market for the security.

#### Trade and Clerical Errors

Trade and other clerical errors resulting in gains will be for the benefit of LAM's Clients and will not be retained by LAM. LAM is under no obligation; however, to reimburse its Clients for losses associated with trade and other clerical errors made by LAM, or its agents and affiliates, as such errors are considered by LAM to be a cost of doing business. Notwithstanding the foregoing, LAM will be obligated to reimburse the Clients for any trade or other clerical error resulting from any Firm action or inaction made in bad faith or which constitutes fraud, willful misconduct or gross negligence.

LAM will determine whether or not any trade or other clerical error is required to be reimbursed in accordance with such liability and exculpation provisions set forth in each client's investment management agreement or offering memorandum. LAM, in its sole discretion, reserves the right to reimburse its Clients for any trade or other clerical error. LAM's reimbursement to its Clients for any particular error will not constitute a waiver of any policy to cause a Client to bear the losses from other trade or other clerical errors. LAM will endeavor to maintain a record of each trade error, including information about the trade and how such error was corrected.

### **Item 13. Review of Accounts**

All investments will be reviewed and approved by LAM's investment team, which includes Norman Louie and Steven Gendal. Investments within the Client's portfolio will be reviewed on a daily basis and LAM investment personnel will meet regularly to discuss items such as the decision logic in the algorithms, risk limits of each portfolio and platform, and execution results.

LAM will provide Fund investors with regular reports as specified in the Governing Fund Documents. For each Fund, each Investor receives audited financial statements for the Fund within 120 days after the conclusion of the Fund's fiscal year, including audited schedules of investments, balance sheets, income statements and cash flow statements.

LAM will provide SMA investors with regular reports as specified in its advisory agreements with its SMA clients.

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

As indicated in the "Brokerage Practices" section above, LAM may participate in capital introduction programs sponsored by broker-dealers with which LAM trades. LAM does not directly compensate prime brokers for organizing these events. LAM will not commit to allocate a particular amount of brokerage to a prime broker in any such situation.

## **Item 15. Custody**

LAM is deemed to have custody of the Funds' assets because of the authority that LAM and/or its affiliated entities have over those assets. The Funds' financial statements are subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and the audited financial statements are distributed to each investor. The audited financial statements are prepared in accordance with generally accepted accounting principles and distributed within 120 days of the Funds' fiscal year end.

## **Item 16. Investment Discretion**

In accordance with the terms and conditions of the Governing Fund Documents, and subject to the direction and control of the General Partner, LAM will generally have discretionary authority to determine, without obtaining specific consent from the Funds or its investors, the securities and the amounts to be bought or sold on behalf of the Funds, and to perform the day-to-day investment operations of the Funds.

## **Item 17. Voting Client Securities**

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Advisers Act, LAM has adopted and implemented written policies and procedures governing the voting of client securities. The general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, "Proxies"), in a prudent and diligent manner that will serve the applicable Client's best interest and is in line with each Client's investment objectives.

LAM may take into account all relevant factors, as determined by LAM in its discretion, including, without limitation: (i) the impact on the value of the securities or instruments owned by the relevant Client and the returns on those securities; (ii) the anticipated associated costs and benefits; (iii) the continued or increased availability of portfolio information; and (iv) industry and business practices. In limited circumstances, LAM may refrain from voting Proxies where LAM believes that voting would be inappropriate, taking into consideration the cost of voting the Proxies and the anticipated benefit to its Clients, such as when it anticipates holding the securities for a very short period of time (that happens to fall on the applicable voting record date). Generally, investors and the Funds may not direct LAM's vote in a particular solicitation.

Conflicts of interest may arise between the interests of the Funds on the one hand and LAM or its affiliates on the other hand. If LAM determines that it may have, or is perceived to have, a conflict of interest when voting Proxies, LAM will vote in accordance with its proxy voting policies and procedures. A copy of LAM's proxy voting policies and procedures and/or its proxy voting record will be made available to investors upon request.

**Item 18. Financial Information**

A balance sheet is not required to be provided as LAM (i) does not solicit fees more than six months in advance, (ii) does not have a financial condition that is likely to impair its ability to meet contractual commitments to clients or (iii) has not been subject to any bankruptcy proceeding during the past ten years.