

Ailanthus Capital Management, LP

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This brochure provides information about the qualifications and business practices of Ailanthus Capital Management, LP. If you have any questions about the contents of this brochure, please contact Ailanthus Capital Management, LP's Chief Compliance Officer, Mark Greco, at (212) 698-4730 or by email at mark@ailanthuscap.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("**SEC**") or by any state securities authority.

Additional information about Ailanthus Capital Management LP is also available on the SEC's website at www.adviserinfo.sec.gov.

Any reference to Ailanthus Capital Management, LP as a "registered investment adviser" or as being "registered" does not imply a certain level of skill or training.

Item 2 - Material Changes

The last update for this Brochure was filed by Ailanthus Capital Management, LP with the SEC on May 19, 2017. There have been no material changes since the last update.

Item 3 - Table of Contents

Item 2 - Material Changes.....	2
Item 3 - Table of Contents.....	3
Item 4 - Advisory Business	4
Item 5 - Fees and Compensation	4
Item 6 - Performance Fees and Side-by-Side Management.....	5
Item 7 - Types of Clients.....	6
Item 8 - Methods of Analysis, Investment Strategies, Risk of Loss.....	6
Item 9 - Disciplinary Information	16
Item 10 - Other Financial Industry Activities and Affiliations.....	16
Item 11 - Code of Ethics, Participation/Interest in Client Transactions, Personal Trading	16
Item 12 - Brokerage Practices.....	17
Item 13 - Review of Accounts.....	18
Item 14 - Client Referrals and Other Compensation	19
Item 15 - Custody	19
Item 16 - Investment Discretion	19
Item 17 - Voting Client Securities	19
Item 18 - Financial Information	20

Item 4 - Advisory Business

Ailanthus Capital Management, LP ("**Ailanthus**" or the "**Firm**") is a Delaware limited partnership that has been in business since March 2015. Ailanthus is controlled by its principal, Genevieve Kahr (the "**Principal**"). Ailanthus provides investment advisory services to private funds via a master feeder structure, whereby Ailanthus Capital Partners (QP), LP (the "**Onshore Fund**"), a Delaware limited liability partnership, and Ailanthus Capital Partners (QP), Ltd. (the "**Offshore Fund**") a Cayman Islands exempted company together with the Onshore Fund, the "**Feeder Funds**", invest substantially all of their assets in Ailanthus Master Fund (QP), LP (the "**Master Fund**"), a Cayman Islands exempted limited partnership. Unless otherwise specified, the Onshore Fund, the Offshore Fund and the Master Fund are each referred to as a "**Fund**" and collectively, as the "**Funds**".

The general partner of the Master Fund is Ailanthus Capital, LLC (the "**General Partner**"), a Delaware limited liability company. The General Partner manages the day-to-day affairs of the Master Fund and performs certain administrative functions for the Master Fund. The General Partner also serves as the general partner of the Onshore Fund.

Ailanthus provides discretionary investment management services to the Funds pursuant to investment guidelines set forth in the relevant governing and offering documents of the Funds, including any limited partnership agreement, investment management agreement, private placement memorandum and/or subscription agreement, as the case may be (each an "**Offering Document**", and collectively, the "**Offering Documents**"). Ailanthus does not tailor its advisory services to the individual investors (each an "**Investor**"), or provide Investors with the right to specify, or restrict the Funds' investment objectives or any investment or trading decisions.

Ailanthus does not participate in wrap fee programs.

As of December 31, 2017, Ailanthus' regulatory assets under management were \$554,030,412 all managed on a discretionary basis. Ailanthus does not manage any assets on a non-discretionary basis.

Item 5 - Fees and Compensation

As an investment adviser to the Funds, as further described in the Offering Documents, Ailanthus receives a management fee generally equal to an annual rate of 1.0% - 1.5%, depending on the particular class of the Funds. The management fees are paid by the Master Fund monthly in advance on the first day of each calendar month, depending upon the net asset value of the Master Fund and each particular investment by an Investor in the Feeder Funds. Management fees are generally pro-rated for partial periods. Once paid, management fees are non-refundable.

The Firm or its affiliates may reduce, waive or calculate differently the management fee for certain Investors, including but not limited to, members, employees and affiliates of Ailanthus.

Other Fees and Expenses

The Funds will pay, or reimburse the Firm and/or the General Partner for advancing, the Funds' operating expenses, including brokerage commissions, outsourced execution costs, bank service fees, interest on loans and debit balances, borrowing charges on securities sold short, custodial fees, fees for analytics and market data (including online news and quotation

services, etc.), Bloomberg, research and due diligence fees and expenses, expenses related to the offering of the shares (including fees and expenses of the Firm incurred in connection with the European Alternative Investment Fund Managers Directive), administration (including middle and back office services), audit and tax preparation expenses, blue sky filing fees, investor reporting costs, legal, accounting, tax and professional fees (including related to the Funds' compliance with FATCA or similar laws enacted in other jurisdictions), any foreign tax regime registrations, tax filings and associated annual fees and expenses, consulting fees, fees of the Funds' independent directors and members of the governance committees, insurance costs, trustees' fees, fees and expenses of the Firm incurred in connection with preparing and filing reports relating to the Funds' trading activities (including under investment advisory or commodity pool operator laws), expenses and market data associated with an order management system, portfolio management/accounting system or risk system, any taxes applicable to the Funds on account of its operations and/or trades, other similar expenses related to the Funds, and any and all expenses related to the management and operation of the Funds, as well as the purchase, sale or transmittal of assets, as the Firm will determine in its discretion. The Funds will also be responsible for their organizational fees and expenses. In addition, the Funds will bear its pro rata share of the Master Fund's expenses.

Except as provided above, the Firm and the General Partner will bear their own operating, rent and similar overhead expenses, in addition to the salaries and benefits of their employees.

For a summary of our brokerage practices, please see Item 12 below.

Item 6 - Performance Fees and Side-by-Side Management

At the end of each fiscal year and upon withdrawal of an Investor from the Fund, the General Partner will be entitled to receive an annual incentive allocation of 20% of the net profits attributable to such Investor's account, if any. The incentive allocation is charged in compliance with Rule 205-3 of the Investment Advisers Act of 1940, as amended (the "**Advisers Act**"). Additional information regarding such compensation arrangements are set forth in the relevant Offering Document.

The incentive allocation is subject to a "high water mark." The "high water mark" feature prevents Ailanthus from receiving a performance-based fee as to profits that simply restore previous losses and is intended to ensure that each incentive allocation is based on the long-term performance of the Funds.

The General Partner may waive or reduce the incentive allocation for certain Investors, including but not limited to, members, employees and affiliates of Ailanthus.

Because all Fund assets are expected to be managed in the Master Fund, Ailanthus does not expect to face any side-by-side conflict of interest issues, such as allocation decisions which may be impacted by performance-based fee differentials. Ailanthus has developed and implemented procedures that are designed to ensure that all clients are treated fairly and equally, and to prevent conflicts from influencing the allocation of investment opportunities among clients.

The terms of the performance-based fees and allocations may differ in the future among the Funds or other accounts managed by Ailanthus. This may result in a conflict of interest when Ailanthus allocates opportunities among such clients because there will be an incentive to favor allocations to clients that have higher performance-based fees and allocations. To avoid such conflict of interest, Ailanthus would generally follow documented procedures in allocating

opportunities among its clients which would not take into account the performance-based fees and allocations to which such clients are subject.

Item 7 - Types of Clients

Currently, Ailanthus provides investment advice only to the Funds. Each of the Onshore Fund's and the Offshore Fund's offering memorandum set forth the eligibility criteria and minimum investment requirements for Investors. Initial and additional subscription minimums are disclosed in the offering memorandum for each Fund, which may be waived at the discretion of the Firm.

Item 8 - Methods of Analysis, Investment Strategies, Risk of Loss

Investment Objective and Overview

Ailanthus pursues a fundamental long-short equity strategy focused on small- and mid-cap companies in the global technology, media, telecommunications ("TMT"), gaming and leisure sectors.

Ailanthus aims to generate consistent and uncorrelated returns by applying deep sector expertise to situations that are too illiquid or too complex for most investment funds.

Ailanthus strives for equal P&L contribution from both sides of the portfolio over the long term. In order to achieve this goal, Ailanthus seeks out underfollowed or misunderstood long opportunities in order to capitalize on the secular growth and innovation within the TMT sectors, while devoting significant time and resources to identifying compelling shorts. Shorts are core positions, not just hedges. The investment approach marries nimbleness with patience and discipline: Ailanthus develops a differentiated view of single-name fundamentals while remaining attentive to market dynamics.

Investment Strategies

With over ten years of combined global TMT sector experience, Ailanthus has developed a unique set of contacts and primary research methodologies, as well as a deep understanding of the industry landscape and company-specific nuances. This expertise allows Ailanthus to identify markets and sectors that offer attractive alpha opportunities and a good return on research time, and to more effectively evaluate investments by quickly identifying the optimal information sources to answer a given research question.

Ailanthus focuses on unique niches within the TMT sectors, investing primarily in small and mid-sized companies that others view as unanalyzable or overly complex. Research-intensive situations are often tackled by sector specialists or investment firms that focus on complexity. However, these firms often manage significant pools of capital and have liquidity or market capitalization constraints that prevent them from investing in smaller companies. Conversely, investment managers that focus on smaller companies often do not have the global experience and sector expertise needed to analyze more complex situations. Ailanthus believes that this creates a compelling opportunity for funds willing to limit their assets under management and focus on these less liquid securities.

The Firm deploys significant resources towards generating compelling short ideas. Ailanthus does not plan to pursue a bearish investment strategy, and expects to keep net market exposure above 0% at all times. However, Ailanthus believes that by dedicating resources to

shorting, it is possible to drive significant P&L contribution from both sides of the portfolio over the long term, which should significantly reduce correlation with the market.

While shorting involves a unique set of risks, Ailanthus believes it is possible to mitigate some of these risks through thoughtfulness and vigilance at every stage of the investment process. The Firm will leave room for error when initiating positions, especially in highly shorted names, sizing cautiously at first but seizing opportunity in periods of disruption. After initiation, Ailanthus will carefully monitor changes in fundamentals to avoid missing positive inflection points. The Firm will also clearly differentiate between terminal and non-terminal shorts: terminal positions will be sized up as prices decline, while non-terminal positions will be exited when price targets are reached.

Investment Process

Ailanthus aims to source the majority of its investment ideas through its own primary research. The research team closely follows sector trends and news flow and will engage in ongoing dialogue with management teams, industry experts, regulators, and investors across the capital structure. Because of the research team's sector expertise and streamlined organizational structure, the Firm believes that it can identify changes in industry dynamics as they occur and react to them in a nimble and thoughtful way.

Ailanthus' research and analysis processes combine a fundamentals-driven approach to investing with a keen focus on market sentiment. The Firm begins by engaging in rigorous due diligence on core positions to understand the fundamental value of the underlying securities. This analysis will vary from situation to situation. However, it will generally include some combination of: meetings and calls with management teams, regulators, competitors, and sector experts; review of call transcripts, investor disclosures, regulatory filings in both local and international markets, and available research reports on the company; and financial modeling and scenario analysis to determine potential upside and downside scenarios.

Ailanthus applies a collaborative and team-oriented approach to investment research. The Firm believes that this collaborative style is a meaningful competitive advantage, as members of its research team work together on most investment ideas, and engage in extensive debate and internal discussion before putting on any new position. This internal debate results in much stronger and more refined investment theses.

Once the Firm has a well-developed thesis about a potential investment, it begins to solicit feedback and discussion with other parties in order to test its views. This discussion is ongoing, and involves a mix of sell-side analysts, trusted buy-side contacts, and current investors in the company, ideally on both the long and short side. These conversations serve several purposes. First, they allow Ailanthus to refine its own understanding of the situation and identify areas of the thesis that require further analysis. In addition, they allow the Firm to gauge expectations, and better understand the likely upside/downside risk. Lastly, these conversations allow Ailanthus to monitor changes in sentiment that could change the likely trajectory of the investment. The Firm believes that by developing a fundamental understanding of the business and engaging in thoughtful discussion with other parties, it can garner the benefits of a fundamental approach to investing without missing the momentum and sentiment factors that often drive short-term price movements.

Certain Risk Factors

Investing in securities involves risk of loss that clients and Investors should be prepared to bear. The following explanation of certain risks is not exhaustive, but rather highlights some of the more significant risks involved in Ailanthus' investment strategy. For a more complete list of expected risk factors, prospective Investors should review the Offering Documents.

Sector Risk

Ailanthus generally focuses on the equities of companies in the global technology, media and telecommunications subsectors. These sectors are characterized by increasing competition and regulation. Companies in these sectors may encounter distressed cash flows due to the need to commit substantial capital to meet increasing competition, particularly in formulating new products and services using new technology. Technological innovations may make the products and services of companies in these sectors obsolete. Any such events may adversely affect the Funds' investments in a company in such sectors. In addition, these sectors are highly dependent upon intellectual property, a field that has encountered increasing litigation in recent years. If any of the companies in which the Funds invest are alleged to infringe the intellectual property rights of a third-party, any litigation to defend the claim could be costly and would divert the time and resources of management, regardless of the merits of the claim. There can be no assurance that a company would prevail in any such litigation. If a company were to lose a litigation relating to intellectual property, the company could be forced to pay monetary damages and to cease the sale of certain products or the use of certain technology or other intellectual property. Any of the foregoing may adversely affect the Funds' performance.

Concentration of Investments

As described above, it is anticipated that the Funds' assets will generally be concentrated in positions in companies in the global technology, media and telecommunications industry sectors. Although Ailanthus will seek to diversify the Funds' investments, it is possible that a significant amount of the Funds' capital could be invested in the securities of only a few companies. The concentration of the Funds' portfolio in a small number of issuers or industries would subject the Funds to a greater degree of risk with respect to the failure of one or a few issuers or with respect to economic downturns in relation to such industries. In particular, losses incurred in investments in the technology, media and/or telecommunications industry sectors could have a material adverse effect on the Funds' overall financial condition and could significantly reduce the Funds' capital. Technology companies are subject to rapid changes in technology, worldwide competition, rapid obsolescence of products and services, loss of patent protections, cyclical market patterns, evolving industry standards and frequent new product introductions.

Media and telecommunications companies can be adversely affected by, among other things, changes in government regulation, intense competition, dependency on patent protection, and rapid obsolescence of products and services due to product compatibility or changing consumer preferences.

Telecommunications companies are also subject to risks, such as a market characterized by the need to commit substantial capital to meet increasing competition, particularly in formulating new products and services using new technology, and technological innovations that may make various products and services obsolete.

Equity Securities

The Funds will invest in equity and equity-related securities. Equity securities fluctuate in value in response to many factors, including the activities, results of operations and financial condition of individual companies, the business market in which individual companies compete, industry market conditions, interest rates and general economic environments. In addition, events such as political instability, terrorism and natural disasters may be unforeseeable and contribute to market volatility in ways that may adversely affect trades made by the Funds.

Small to Medium Capitalization Companies

The Funds may invest a material portion of their assets in the stocks of companies with small-to medium-sized market capitalizations. While the Firm believes these investments often provide significant potential for appreciation, those stocks, particularly smaller-capitalization stocks, involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of such stocks are often more volatile than prices of large-capitalization stocks. In addition, due to thin trading in some such stocks, an investment in these stocks may be more illiquid than that of larger capitalization stocks.

Short Sales

A short sale involves the sale of a security that the Funds do not own in the expectation of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. To make delivery to the buyer, the Funds must borrow the security and the Funds are obligated to return the security to the lender, which is accomplished by a later purchase of the security by the Funds. When the Funds make a short sale in the United States, they must leave the proceeds thereof with the broker and they must also deposit with the broker an amount of cash or U.S. government or other securities sufficient under current margin regulations to collateralize their obligation to replace the borrowed securities that have been sold. If short sales are effected on a foreign exchange, such transactions will be governed by local law. A short sale involves the risk of a theoretically unlimited increase in the market price of the security that would result in a theoretically unlimited loss to the Funds. The extent to which the Funds will engage in short sales will depend upon Ailanthus' trading strategy and perception of market direction and the value of individual securities. Ailanthus may engage in short sales on behalf of the Funds as a hedge against potential market declines and/or based on its analysis of the subject issuers.

Derivatives Generally

Derivative instruments, or "derivatives," include options, futures, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, financial assets, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark, financial asset, currency or index at a fraction of the cost of investing in the underlying asset. The Funds may seek to acquire derivatives for these or other reasons, however, there is no assurance that derivatives that the Funds wish to acquire will be available at any particular times upon satisfactory terms or at all.

The value of a derivative is frequently difficult to determine and depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are "leveraged," and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement

in the underlying asset can not only result in the loss of the entire investment, but may also expose the Funds, to the possibility of a loss exceeding the original amount invested. Over-the-counter (“**OTC**”) derivatives generally are not assignable except by agreement between the parties concerned, and no party or purchaser has any obligation to permit such assignments. The OTC market for derivatives is relatively illiquid. In the case of OTC derivatives contracts, the Funds are subject to the credit risk of the counterparty.

The Funds may take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the trading objective of the Funds and legally permissible. Special risks may apply to instruments that are invested in by the Funds in the future that cannot be determined at this time or until such instruments are developed or invested in by the Funds.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “**Dodd-Frank Act**”) enables the Commodity Futures Trading Commission (“**CFTC**”) and the SEC to enact new regulations on certain OTC derivatives. Under the Dodd-Frank Act and rules promulgated thereunder, certain OTC derivatives contracts will be required to be traded on regulated trading platforms and cleared through registered clearing organizations subject to regulation by the SEC and the CFTC. Once this occurs, such contracts will be traded more like futures and options contracts and parties to such transactions will trade standardized contracts and will face clearing organizations as contractual counterparties, rather than facing the credit risk of counterparties under individually negotiated bilateral OTC agreements.

In addition, swap dealers and major swap participants (entities that are not swap dealers, but are subject to rules governing dealers due to their levels of activity) are subject to regulatory oversight and requirements with respect to OTC derivatives, which will include business conduct requirements, such as know-your-customer rules, increased risk disclosure and rules requiring trades to be documented and confirmed within certain timeframes. Derivative contracts, whether cleared or uncleared, will have to be reported to trade data repositories registered with the CFTC and/or the SEC.

While the CFTC has finalized the majority of its required rulemakings under the Dodd Frank Act, there are still a number of rules that have not been finalized by the SEC. As a result, the effect that the foregoing regulatory changes will have on the price of derivative contracts, liquidity and administrative costs, among other things, remains unclear.

Leverage for Investment Purposes

Ailanthus may use leverage as part of the Funds’ trading program and the amount of leverage which the Funds may have outstanding at any time may be substantial in relation to their capital. Leverage may be obtained by borrowing funds to make trades or by purchasing or entering into derivative instruments that are inherently leveraged, such as swaps, options, futures and forward contracts.

If the interest expense on borrowings were to exceed the net return on the positions acquired with borrowed funds, the Funds’ use of leverage would result in a lower rate of return than if the Funds were not leveraged. If the amount of borrowings which the Funds may have outstanding at any one time is large in relation to their capital, fluctuations in the market value of the Funds’ portfolio will have a disproportionately large effect in relation to their capital and the possibilities for profit and the risk of loss will therefore be increased. Any gains made

with the additional monies borrowed will generally cause the value of the Funds' assets to rise more rapidly than would otherwise be the case. Conversely, if the investment performance of the additional monies fails to cover their cost to the Funds, the value of the Funds' assets will generally decline faster than would otherwise be the case. The amount of any borrowing may also be limited by regulations imposed by the Federal Reserve Board or by the availability and cost of credit, as well as due to overall market conditions. If, due to market fluctuations or other reasons, the value of the Funds' assets should fall below required regulatory or counterparty imposed levels, the Funds will be required to reduce their debt by selling securities in their long portfolio. The Funds may also be unable to carry-out their trading program if they are not able to obtain leverage on reasonable terms.

In the case of derivative instruments, because many derivatives are "leveraged," such instruments provide significantly more market exposure than the money paid or deposited when the transaction is entered into and, thus, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose the Funds to the possibility of a loss exceeding the original amount invested.

In addition, in transactions involving derivative instruments, counterparties and lenders will likely require the Funds to post collateral to support their obligations. Should the securities and other assets pledged as collateral decline in value, or should brokers increase their maintenance margin requirements (i.e., reduce the percentage of a position that can be financed), the Funds could be subject to a "margin call" pursuant to which they must either deposit additional funds with the broker or suffer mandatory liquidation of the pledged assets to compensate for the decline in value. In the event of a precipitous drop in the value of pledged securities, the Funds might not be able to liquidate assets quickly enough to pay off the margin debt or provide additional collateral and may suffer mandatory liquidation of positions in a declining market at relatively low prices, thereby incurring substantial losses. Furthermore, secured counterparties and lenders will generally have the right to sell, pledge, rehypothecate, assign, use or otherwise dispose of collateral posted by the Funds. This could increase exposure to the risk of a counterparty default since, under such circumstances, the Funds may be unable to recover the posted collateral promptly or may be unable to recover all of the posted collateral.

Hedging Transactions

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

The success of the Firm's' hedging strategy will depend, in part, upon the Ailanthus' ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Firm's hedging strategy will also be subject to the Firm's ability to continually recalculate,

readjust and execute hedges in an efficient and timely manner. While the Funds may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Firm than if it had not engaged in such hedging transactions. For a variety of reasons, the Firm may not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent the Funds from achieving the intended hedge or expose the Funds to risk of loss. Ailanthus may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Funds' portfolio holdings.

Call Options

There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (e.g., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. If the seller of the call option owns a call option covering an equivalent number of shares with an exercise price equal to or less than the exercise price of the call written, the position is "fully hedged" if the option owned expires at the same time or later than the option written. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The buyer of a call option assumes the risk of losing its entire investment in the call option.

Put Options

There are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (e.g., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is "fully hedged" if the option owned expires at the same time or later than the option written. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

Foreign Exchange Contracts

Pursuant to rules promulgated under the Dodd-Frank Act, many foreign exchange contracts will be deemed "swaps" under the U.S. Commodity Exchange Act, as amended, and therefore will be subject to comprehensive regulation by the CFTC. CFTC rules will govern certain terms of such contracts, such as minimum margin requirements, among others, and dealers of such products will be subject to business conduct and reporting obligations. Foreign currency options (unless traded on a securities exchange), non-deliverable foreign exchange forwards, currency swaps and cross-currency swaps will be included in such regulation. The U.S. Treasury Department (the "Treasury") has exercised its authority to exempt foreign exchange forwards and swaps from most CFTC regulation, although such transactions remain subject to certain CFTC reporting and business conduct requirements. As a result, foreign exchange forwards and swaps are not guaranteed by an exchange or clearing house and consequently,

there are no requirements with respect to financial responsibility or segregation of customer funds or positions, which could expose the Funds to unanticipated losses.

Credit Default Swaps

The Funds may purchase and sell credit derivatives contracts – primarily credit default swaps – both for hedging and other purposes. The typical credit default contract requires the seller to pay to the buyer, in the event that a particular reference entity experiences specified credit events, the difference between the notional amount of the contract and the value of a portfolio of securities issued by the reference entity that the buyer delivers to the seller. In return, the buyer agrees to make periodic payments equal to a fixed percentage of the notional amount of the contract. In addition, the parties may be required to post collateral to secure their obligations, which can reduce the amount of collateral or funds available for other purposes.

The Funds may also purchase and sell credit default swaps on a basket of reference entities as part of a synthetic collateralized debt obligation transaction.

As a buyer of credit default swaps, the Funds are subject to certain risks. In circumstances in which the Funds do not own the debt securities that are deliverable under a credit default swap, the Funds are 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.” In certain instances of issuer defaults or restructurings, it has been unclear under the standard industry documentation for credit default swaps whether or not a “credit event” triggering the seller’s payment obligation had occurred. In either of these cases, the Funds would not be able to realize the full value of the credit default swap upon a default by the reference entity.

As a seller of credit default swaps, the Funds 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, the Funds 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 will have broad discretion to select which of the reference entity’s debt obligations to deliver to the Funds following a credit event and will likely choose the obligations with the lowest market value in order to maximize the payment obligations of the Funds.

Purchase of Distressed Securities, Etc.

The Funds may purchase securities and other obligations of companies that are experiencing significant financial or business distress, including companies involved in bankruptcy, reorganization or other liquidation proceedings. Although such investments may produce significant returns to the Funds, they involve a high degree of risk over a potentially lengthy period of time, and may provide less liquidity than many other investments. Investment in these types of securities requires sophisticated analysis and there can be no assurance that the Funds will accurately predict various factors that could affect the prospects of a successful restructuring. Many of these investments ordinarily remain stagnant until the applicable company reorganizes and/or emerges from bankruptcy proceedings, and, as a result, may have to be held for an extended period of time.

The Dodd-Frank Act established the Orderly Liquidation Authority (the “OLA”), an insolvency regime for large, interconnected financial companies, including broker-dealers, whose failure poses a significant risk to the financial stability of the United States. The Funds

may invest in such large, interconnected financial companies and therefore may face losses if such financial companies are put into receivership and then liquidated upon a determination by the U.S. Federal Deposit Insurance Corporation and the board of governors of the U.S. Federal Reserve. If a financial company becomes liquidated by the OLA, the Funds' investments in such a financial company could be adversely affected. Unlike in bankruptcy proceedings, creditors, shareholders and contract counterparties will not have any input into, or advanced notice about, the liquidation or reorganization of the applicable financial company. Many of the procedural rules for the OLA have not yet been written, and it is unclear how financial companies that become subject to liquidation proceedings would be affected.

Fixed Income Securities

The Funds may trade in bonds or other fixed income securities of U.S. and non-U.S. issuers, including, without limitation, bonds, notes and debentures issued by corporations, or debt securities issued or guaranteed by a sovereign government or one of its agencies or instrumentalities. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities will change in response to fluctuations in interest rates. In addition, the value of certain fixed income securities can fluctuate in response to perceptions of credit worthiness, political stability or soundness of economic policies. 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).

The Funds may trade in fixed-income securities which are not protected by financial covenants or limitations on additional indebtedness. In addition, evaluating credit risk for foreign debt involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparisons across countries difficult.

Convertible Securities

The market value of convertible securities, as with all fixed income securities, tends to decline as interest rates increase and, conversely, tends to increase as interest rates decline. However, when the market price of the common stock underlying a convertible security exceeds the conversion price, the convertible security tends to reflect the market price of the underlying common stock. As the market price of the underlying common stock declines, the convertible security tends to trade increasingly on a yield basis and thus, may not decline in price to the same extent as the underlying common stock. If a convertible security held by the Funds are called for redemption, the Funds will be required to permit the issuer to redeem the security, convert it into the underlying stock or sell it to a third party. Any of these actions could have an adverse effect on the Funds' ability to achieve their objective.

Interest Rate Risk

Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities. The Funds may attempt to minimize the exposure of the portfolios to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options. However, there can be no guarantee that the Funds will be successful in fully mitigating the impact of interest rate changes.

Non-U.S. Investments

The Funds may trade non-U.S. securities and other instruments denominated in non-U.S. currencies and/or traded outside of the U.S. Investments in securities of non-U.S. issuers (including non-U.S. governments) and securities denominated in, or the prices of which are quoted in, non-U.S. currencies pose, to the extent not hedged, currency exchange risks (including blockage, devaluation and non-exchangeability), as well as a range of other potential risks not typically associated with trading in U.S. securities or other instruments. Such risks include unfavorable currency exchange rate developments, restrictions on repatriation of investment income and capital, imposition of exchange control regulation by the U.S. or foreign governments, confiscatory taxation and economic or political instability in foreign nations. In addition, there may be less publicly available information about certain non-U.S. companies than would be the case for comparable companies in the U.S., and certain non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies.

Transaction costs of investing in non-U.S. securities markets are generally higher than in the United States. There is generally less government supervision and regulation of exchanges, brokers and issuers outside the United States than there is in the United States. The Funds might have greater difficulty taking appropriate legal action in non-U.S. courts. Non-U.S. markets also have different clearance and settlement procedures which, in some markets, could at times fail to keep pace with the volume of transactions, thereby creating substantial delays and settlement failures that could adversely affect the Funds' performance.

PIPE Trading

The Funds may make private investments in equities of publicly-traded companies ("**PIPES**"). PIPE strategies have historically been significantly more likely to be successful during periods of rising equity prices. In such conditions, not only is it easier to liquidate the equity acquired upon conversion of the Funds' illiquid and restricted securities, but also the equity price may increase from the date of liquidation, increasing the profit of conversion. PIPE investing also involves making capital commitments to issuers without access to traditional capital markets in situations in which the bankruptcy of the issuer could result in a total loss of the investment. Analysis of the financial condition of each issuer is an important component of determining whether to make any such investment.

Purchasing Securities of Initial Public Offerings

The Funds may purchase securities of companies during their initial public offerings or shortly thereafter. Special risks associated with these securities may include a limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the companies and limited operating histories. These factors may contribute to substantial price volatility for the shares of these companies. The limited number of shares available for trading in some initial public offerings may make it more difficult for the Funds to buy or sell significant amounts of shares without an unfavorable impact on prevailing market prices. In addition, some companies engaged in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them.

Item 9 - Disciplinary Information

There have been no legal or disciplinary events that are material to an Investor's or prospective Investor's evaluation of Ailanthus' advisory business or the integrity of Ailanthus' management.

Item 10 - Other Financial Industry Activities and Affiliations

This Item is not applicable.

Item 11 - Code of Ethics, Participation/Interest in Client Transactions, Personal Trading

Code of Ethics

Ailanthus has adopted a Code of Ethics (the "**Code of Ethics**"), which is designed to ensure that it conducts its business in accordance with all applicable laws and regulations and in an ethical and professional manner. The Code of Ethics applies to all Ailanthus employees. In addition, Ailanthus recognizes that it has a fiduciary duty to its clients, and that all of its employees need to conduct their business on Ailanthus' behalf in a manner that enables Ailanthus to fulfill this fiduciary duty. In this regard, Ailanthus has developed policies and procedures in the Code of Ethics that are premised on the fundamental principles of openness, integrity, honesty and trust. Employees are provided with a copy of the Code of Ethics and are annually required to sign and acknowledge that they will comply with its provisions. Ailanthus will provide a copy of the Code of Ethics to any Investor or prospective Investor upon request.

Personal Trading

Under the Code of Ethics, Ailanthus employees (and members of their immediate households) are prohibited from trading equity securities (and derivatives thereof) other than permitted transactions. Permitted transactions are permitted only with pre-clearance from the CCO and consist of the following: buying and selling unlevered exchange traded funds, ("ETFs") and ETF options and selling reportable securities that were reported at the start of employment.

In addition, employees are prohibited from participating in any initial public offering or a limited offering.

All employees must provide duplicate copies of brokerage statements to the CCO. These records are used to monitor compliance with the foregoing policies.

Participation and Interest in Client Transactions

Subject to applicable law, Ailanthus may effect transactions between client accounts whereby one client account will purchase securities from or sell securities to another account. Ailanthus does not currently intend to engage in such activity. Nonetheless, if it intends to effect such transactions in the future, it will develop documented procedures for doing so, including requiring pre-approval from the CCO.

Item 12 - Brokerage Practices

Selection of Brokers

In placing portfolio transactions for the Master Fund, Ailanthus seeks to obtain the best execution for the Funds, taking into account a number of the following factors, among others: price, the ability of the brokers to effect the transactions, the brokers' facilities, reliability and financial responsibility and the provision of payment (or the rebate to the Fund) for payment of the costs of property or services (e.g., short term custodial services, research services, news and quotation services, publications, and other services).

Ailanthus has established a Best Execution Committee, which meets on a quarterly basis to review the execution performance of the broker-dealers that Ailanthus uses to execute client transactions. The committee also reviews commissions paid to brokers, soft dollar arrangements and certain conflicts of interest.

Research and Other Soft Dollar Benefits

Ailanthus has entered into soft dollar arrangements with brokers. Soft dollar arrangements arise when an investment adviser obtains products and services, other than securities execution, from a broker in return for directing client securities transactions to the broker. Soft dollar arrangements may pose a conflict of interest for Ailanthus in that such arrangements may allow Ailanthus to pay with Funds' commissions expenses that would otherwise be borne by Ailanthus. If Ailanthus uses the Funds' brokerage commissions (or mark-ups or markdowns) to obtain research or other products or services, it will receive a benefit because it will not have to produce or pay for the research, products or services. Ailanthus may have an incentive to select a broker based on Ailanthus' interest in receiving the research or other products or services offered by such broker, rather than on Funds' interests in receiving most favorable execution.

To the extent that it engages in soft dollar transactions, Ailanthus will comply with the safe harbor requirements of Section 28(e) of the Securities Exchange Act of 1934, as amended. Under this provision, in exercising its discretionary authority to select or arrange for the selection of brokers for execution of transactions for the Funds, and, subject to its duty to obtain best execution, Ailanthus may consider the value of research and brokerage products and services (collectively, "**Research**") provided by such brokers. Accordingly, if Ailanthus 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, a Fund may pay commissions to such broker in an amount greater than the amount another broker might charge.

Research provided by such brokers may be used to service all Funds and not exclusively in connection with the management of the Funds that generated the particular soft dollar credits.

When a product or service obtained with the Funds' commission dollars provides both research and non-research assistance to Ailanthus, Ailanthus will make a reasonable allocation of the cost which may be paid for with the Funds' commission dollars.

Ailanthus executes securities transactions on behalf of the Funds with broker-dealers that provide Ailanthus with access to proprietary research reports (such as standard investment research and credit reports). To Ailanthus' knowledge, these services are generally made available to all institutional investors doing business with such broker-dealers. These bundled services are made available to Ailanthus on an unsolicited basis and without regard to the rates of commissions charged or paid by the Funds or the volume of business that Ailanthus directs to such broker-dealers.

Brokerage for Client Referrals

Subject to applicable law and consistent with best execution, Ailanthus may direct some client brokerage business to brokers who refer prospective investors to Ailanthus and may pay or share amounts it receives as management fees and/or performance compensation. Because such referrals, if any, are likely to benefit Ailanthus but may only provide an insignificant (if any) benefit to its clients, Ailanthus may have a conflict of interest with its clients when allocating brokerage business to a broker who has referred investors to it. To mitigate this potential conflict, Ailanthus will not allocate brokerage business to a referring broker unless it determines in good faith that the commissions payable to such broker are not materially higher than those available from non-referring brokers offering services of substantially equal value to Ailanthus's clients.

Prime brokers may provide capital introduction services to Ailanthus. Such services may influence Ailanthus in deciding whether to engage such prime brokers.

Trade Error Policy

Subject to applicable law, Ailanthus will reimburse the applicable Fund for net losses that occur as a result of trade errors to the extent that it is required to do so as described in the Offering Documents. Ailanthus may correct misallocations of trades among its client accounts by re-allocating the applicable trade using the intended allocation methodology prior to the trade's settlement date. If an erroneous allocation cannot be corrected prior to or after settlement, Ailanthus may, if appropriate and subject to applicable law, correct such erroneous allocation by effecting a cross trade between its client accounts at the price at which the initial trade was effected. Ailanthus does not use soft dollars to correct trade errors and will not enter into agreements with broker-dealers to absorb any correction costs in exchange for the promise of future brokerage business.

Aggregation of Orders

Ailanthus currently conducts all trades in the Master Fund. If Ailanthus provides advisory services to multiple fund structures or client accounts in the future, it will generally aggregate orders for the same security unless aggregation is not consistent with our duty to seek best execution or the terms of the investment guidelines and restrictions of each account for which trades are being aggregated. Aggregation opportunities would generally arise when more than one account is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. When aggregating trades, no account will be favored over any other account. Ailanthus anticipates that, where possible, each account that participates in an aggregated order will participate at the average price for all of Ailanthus's transactions in that security on a given business day, with transaction costs shared pro rata based on each account's participation in the transaction.

Item 13 - Review of Accounts

The portfolios of the Funds are reviewed on a continual basis by the senior management of Ailanthus to assure conformity with investment objectives and guidelines. Ailanthus engages in active management for the Funds and accordingly reviews the transactions, positions and cash balances on a daily basis.

Ailanthus engages an independent administrator to send monthly account statements to Fund Investors. Investors receive audited financial statements on an annual basis.

Item 14 - Client Referrals and Other Compensation

This Item is not applicable.

Item 15 - Custody

Ailanthus will comply with the requirements of the Rule 206(4)-2 of the Advisers Act, as amended (the “**Custody Rule**”) with regards to Ailanthus’ custody of the Funds’ assets. Ailanthus is deemed to have custody of client funds and securities because it has the authority to obtain client funds or securities, for example, by deducting advisory fees from a client's account or otherwise withdrawing funds from a client's account.

Ailanthus does not expect to be required to comply (or expects to be deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund because it complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception", which, among other things, requires that (i) each Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, (ii) each Fund's audited financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP), and (iii) each Fund distributes its audited financial statements to all investors within 120 days of the end of its fiscal year.

Item 16 - Investment Discretion

Ailanthus has discretionary authority to determine, without obtaining specific consent, securities to be bought or sold, the amount of securities to be bought or sold, broker-dealer to be used and the commission rates to be paid. Investors may not place any limitations on such authority beyond the limitations set forth in the Offering Documents.

Item 17 - Voting Client Securities

The Firm has established proxy voting policies and procedures designed to ensure that proxies, to the extent the Firm has been delegated authority to vote such proxies on behalf of the Funds and elects to vote, are voted in the best interest of the Funds. When voting proxies, Ailanthus must identify and address material conflicts that may arise between the Firm's interests and those of the Funds. Specifically, the Firm monitors the potential for conflicts of interest that might arise from personal relationships that Ailanthus or its employees may have with parties involved in the vote, significant Investor relationships with those parties, and other special circumstances.

Ailanthus will vote proxies as it deems necessary or appropriate, on a case by case basis. Prior to voting, the CCO will determine whether the conflict is material to the vote and will either resolve the conflict or refer the proxy vote to an outside service for its independent consideration.

Clients may also contact Ailanthus via e-mail or telephone to request a copy of its proxy voting policy.

Class Action Participation Procedures

To the extent that Ailanthus has discretion to participate in class action lawsuits filed against companies or issuers in which its clients are invested, Ailanthus may participate in such class action lawsuits if it believes that such participation is in the best interest of its clients on a case by case basis.

Item 18 - Financial Information

Ailanthus has no financial commitment that impairs the Firm's ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.