

FORM ADV, PART 2A

FIRM BROCHURE

FRONTLIGHT CAPITAL LP

**125 High Street
High Street Tower
Suite 1712
Boston, MA 02110**

Phone: (617) 483-6100

Fax: (617) 483-6102

drosen@frontlightcapital.com

www.frontlightcapital.com

March 29, 2018

This brochure provides information about the qualifications and business practices of Frontlight Capital LP. If you have any questions about the contents of this brochure, please contact us at (617) 483-6127 or drosen@frontlightcapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Frontlight Capital LP also is available on the SEC’s website at www.adviserinfo.sec.gov.

Frontlight Capital LP is registered with the SEC as a registered investment adviser. Being a “registered investment adviser” or describing ourselves as being “registered” does not imply a certain level of skill or training.

Item 2. Material Changes

This brochure dated March 29, 2018 contains no material changes from the previous Brochure dated March 31, 2017.

In the event of future material changes, we will provide you with a new brochure as necessary based on changes or new information without charge.

Even though a concerted effort is made to keep clients/investors informed of notable changes to Frontlight's business throughout the year, clients/investors are encouraged to review this update, much like all of Frontlight's reports and communications, in its entirety.

Only specific material changes that are made to the brochure since its last filing are summarized in this Item. Currently, Frontlight's brochure may be requested by contacting Dunyelle Rosen, General Counsel & Chief Compliance Officer, at 617-483-6127 or drosen@frontlightcapital.com.

Additional information about Frontlight is available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with Frontlight who are registered, or are required to be registered, as investment adviser representatives of Frontlight.

Item 3. **Table of Contents**

	<u>PAGE</u>
Item 1. Cover Page	1
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-Based Fees and Side-By-Side Management.....	7
Item 7. Types of Clients.....	7
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss	8
Item 9. Disciplinary Information	22
Item 10. Other Financial Industry Activities and Affiliations.....	22
Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	23
Item 12. Brokerage Practices.....	24
Item 13. Review of Accounts.....	25
Item 14. Client Referrals and Other Compensation	26
Item 15. Custody	26
Item 16. Investment Discretion.....	26
Item 17. Voting Client Securities.....	26
Item 18. Financial Information.....	27

Item 4. Advisory Business

Frontlight Capital LP, a Delaware limited partnership (“Frontlight,” “us” or “we”), was founded in 2015. Edward V. DeNoble and Harvey S. Felman are the founders and principal owners of Frontlight and its general partner, Frontlight Capital LLC, a Delaware limited liability company (the “General Partner”). Frontlight serves as the investment manager and provides discretionary advisory services to three private funds, Frontlight Macro Fund, L.P., a Delaware limited partnership (the “U.S. Fund”), Frontlight Macro Offshore Fund, Ltd., a Cayman Islands exempted company (the “Offshore Fund” and, together with the U.S. Fund, the “Feeder Funds”) and Frontlight Macro Fund Master Fund, L.P., a Cayman Islands exempted limited partnership (the “Master Fund” and, together with the Feeder Funds, the “Funds”), which are organized as a master-feeder structure. Investing generally will be done at the Master Fund level. Frontlight may also manage additional investment vehicles and/or one or more separate accounts in the future.

The primary focus of Frontlight is to invest the assets of the Funds in multiple asset classes, including global interest rates, foreign exchange, global credit markets and associated derivatives. Frontlight provides investment advice to the Funds in a manner that is consistent with the investment objectives and strategies of the Funds, which are set forth in the confidential offering memoranda of the U.S. Fund and the Offshore Fund. The Funds generally will not impose restrictions on Frontlight with respect to investing in certain securities or types of securities. (Refer to “Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss” below for additional information about the investment strategies utilized by Frontlight.)

Frontlight manages the Funds’ assets on a discretionary basis. As of December 31, 2017, the aggregate net asset value of the Funds was approximately \$208,664,703.

Item 5. Fees and Compensation

Investors in the Funds will be subject to management fees (“Management Fees”), payable to Frontlight, asset-based distribution (“Asset-Based Strategic Distributions”) made to the Strategic Investor (as defined in Item 10 below), and performance based allocations (“Performance Allocations”) made to Frontlight Group LLC, a Delaware limited liability company that acts as general partner to the U.S. Fund and the Master Fund (the “General Partner”), and the Strategic Investor. The Feeder Funds will invest all or substantially all of their assets in the Master Fund. Accordingly, the Management Fees, Asset-Based Strategic Distributions and Performance Allocations will be paid or allocated at the level of the Master Fund. Investors in the Feeder Funds will not be subject to additional Management Fees, Asset-Based Strategic Distributions or Performance Allocations at the applicable Feeder Fund level.

Management Fees and Asset-Based Strategic Distributions. The Master Fund will pay Frontlight a quarterly Management Fee. The Feeder Funds, as limited partners of the Master Fund, will be charged their pro rata share of such Management Fee, and each investor in the Feeder Funds will be charged its pro rata share thereof. The Management Fee will be payable quarterly in advance and calculated based on the net asset value of each investor’s interest in the Master Fund (or indirectly through the Feeder Fund). In addition, the Master Fund has issued certain limited partnership interests to the Strategic Investor that entitles it to receive Asset-Based Strategic Distributions from the Master Fund, which will be calculated in a manner similar to the

Management Fee and the Management Fee will be reduced by the amount of such Asset-Based Strategic Distributions. The aggregate amount of the Management Fees and the Asset-Based Strategic Distributions that will be borne by each investor (directly, or indirectly through the Feeder Funds) will be an amount equal to (A) 0.4375% (1.75% annualized) of the net asset value of each investor's investment in "class A" interests (and any related "class DI" interests), and (B) 0.375% (1.50% annualized) of the net asset value of each investor's investment in "class F" interests, "class SI-A" interests and "class SI-B" interests (and any related "class DI" interests), in each case, at the beginning of each calendar quarter (computed prior to the accrual of any Performance Allocation applicable to such investor during a calendar year). A pro rata Management Fee and Asset-Based Strategic Distribution also will be assessed on any subscription (including any additional subscription from an existing investor) that is accepted as of any date other than the first day of a calendar quarter. No portion of the Management Fee or Asset-Based Strategic Distribution will be refunded if an investor is permitted to withdraw or redeem from a Fund on a date other than the end of a calendar quarter.

Performance Allocation. Performance Allocations will be made by the Master Fund, pursuant to the partnership agreement governing the Master Fund (and the General Partner of the Master Fund and the Strategic Investor are parties to such partnership agreement). At the end of each fiscal year of the Master Fund, the General Partner and the Strategic Investor will have reallocated to their capital accounts in the Master Fund in the aggregate the Applicable Percentage (as defined below) of the excess, if any, of the (i) Net Increase (as defined below) preliminarily allocated to each of the capital accounts maintained for each investor in the Master Fund (in respect of each of the sub-accounts for each investor in the Feeder Funds) for the fiscal year over (ii) the Hurdle Amount (as defined below) for the fiscal year (the "Performance Allocation"), subject to the "high watermark" provision described below. The "Applicable Percentage" means (1) twenty percent (20%) for each "class A" interest and (2) fifteen percent (15%) for each "class F" interest, "class SI-A" interest and "class SI-B" interest. "Net Increase" means the (i) excess realized and unrealized net profits for a fiscal year (prior to giving effect to any Performance Allocation for such fiscal year, but after reduction for the Management Fee and Asset-Based Strategic Distribution and other expenses and fees incurred by the Master Fund for such fiscal year (including expenses incurred at the Feeder Funds level), over (ii) realized and unrealized net losses for such fiscal year, that are allocated to each capital account (and sub-account for each investor in each Feeder Fund) (after adjustments to reflect redemptions during such period). The "Hurdle Amount" shall equal a return that would have accrued had the sum equal to the beginning balance of each such capital account (and sub-account) been invested in 3 month U.S. Treasury Bills as measured by the calculated monthly average 3 month Treasury Bill rate published by the Federal Reserve (<http://www.federalreserve.gov/releases/h15/data.htm>) or Bloomberg TBSM3M Index during the fiscal year (the "Hurdle Amount"). The Hurdle Amount shall be adjusted to reflect withdrawals/redemptions during a fiscal year, and to account for additional subscriptions as of any date later than the first Business Day of a fiscal year or to account for the establishment of any capital account (or sub-account) as of any date later than the first Business Day of a fiscal year. For purposes of clarity, the applicable Hurdle Amount for any fiscal year shall not be carried forward into future fiscal years.

In the event of a withdrawal or redemption other than at the end of a fiscal year, the Performance Allocation with respect to the portion being withdrawn or redeemed (including the applicable amount of Net Increase) will be determined through the applicable withdrawal or redemption date.

The Master Fund will maintain a memorandum loss recovery account (sometimes referred to as a “high watermark”) (a “Loss Recovery Account”) that corresponds to the capital account (and sub-account for investors in the Feeder Funds) maintained for each investor. The opening balance of each Loss Recovery Account will be zero and will be (i) increased by an amount equal to any net losses allocated to such investor’s account for a fiscal year or other accounting period, and (ii) decreased, but not below zero, by the aggregate net profits allocated to such investor’s account (before any Performance Allocation) for a fiscal year or other accounting period. The General Partner and the Strategic Investor will not be allocated any Performance Allocation with respect to an investor’s account (or, if applicable, sub-account) until such investor’s account (or sub-account) maintained for a class has recovered any net losses credited to its Loss Recovery Account maintained for such class. The unrecovered balance in an investor’s Loss Recovery Account will be proportionately reduced for withdrawals or redemptions by (and any distributions to) such investor from such investor’s capital account (or, if applicable, the sub-account). Additional capital contributions will not affect an investor’s Loss Recovery Account.

Frontlight (or its affiliated General Partner) may, subject to the consent of the Strategic Investor, reduce, waive or otherwise modify or calculate differently the Management Fee, the Asset-Based Strategic Distribution and/or Performance Allocation with respect to investors in any Feeder Fund, including investors that are affiliates of Frontlight, or Frontlight may share any such Management Fee, Asset-Based Strategic Distributions, or Performance Allocation with third parties, including persons who introduce investors to a Feeder Fund.

Frontlight does not bill the investors in the Funds for Management Fees, the Asset-Based Strategic Distributions or Performance Allocations. Rather, Management Fees and the Asset-Based Strategic Distributions are deducted from the assets of the Master Fund on a quarterly basis, generally at the beginning of each calendar quarter, except to the extent that contributions are made during a quarter, in which case the applicable Management Fee and Asset Based Distribution will be prorated and charged at the time of such contribution. For investors that invest in the Master Fund through the Feeder Funds, the Master Fund charges the sub-account of each such investor maintained at the Master Fund level (which in turn is charged to the applicable investor’s capital accounts or series of shares in the applicable Feeder Fund). Similarly, the Performance Allocations are made within the Master Fund generally at the end of each year, or sooner with respect to any investor who withdraws or redeems at any time other than at the end of a fiscal year.

In addition to the Management Fees, the Asset-Based Strategic Distributions and Performance Allocations described above, each Fund (and, indirectly, the investors therein) will pay certain additional expenses. Each Feeder Fund bears all costs and expenses related to its investments and operations, including, without limitation, all transaction costs relating to the Feeder Fund’s investments (including, without limitation, expenses related to the investments of the Feeder Fund’s assets, such as brokerage commissions and other transaction costs, research, due diligence and negotiation expenses (including related travel expenses) whether or not the related investment is consummated; clearing and settlement charges, custodial fees, margin and interest expenses and commitment fees on debit balances or borrowings, borrowing charges on securities sold short, and any issue or transfer taxes chargeable in connection with any securities transactions); consulting, legal and other professional fees relating to potential and actual investments, expenses of professionals providing services to the Feeder Fund, including legal, audit and tax preparation expenses; the fees and expenses of the Advisory Board of the Master Fund and Directors of the

Offshore Fund's Board of Directors, accounting fees; administration fees and expenses (including fees and expenses of the Feeder Fund's administrator); fees and expenses for risk management services; insurance expenses, including costs of any liability insurance obtained on behalf of the Feeder Fund (including, without limitation, directors and officers insurance), organizational expenses, regulatory costs and expenses (including filing and license fees), costs of reporting and providing information to investors, any entity-level taxes, costs of any litigation or investigation involving Feeder Fund activities, indemnification expenses, any extraordinary expenses, and all other costs and expenses related to the Feeder Fund's business and operations. Each Feeder Fund will also be responsible for its pro rata portion of the costs and expenses of the Master Fund, the nature of which expenses are similar to those of the Feeder Funds.

The Funds generally incur brokerage and other transaction costs as described above. See Item 12 for further information regarding brokerage.

Frontlight and its supervised persons do not accept any compensation for the sale of securities or other investment products, including any interests in the Funds.

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

The General Partner and the Strategic Investor are entitled to receive Performance Allocations from the Master Fund, as disclosed in further detail in Item 5 above. The Performance Allocation, while charged at the level of the Master Fund, is applicable to all of the assets invested therein by each of the Feeder Funds, subject to the right of Frontlight (or its affiliated General Partner) to reduce, waive or otherwise modify the Performance Allocation with respect to any investors, but subject to the consent of the Strategic Investor (as also described in Item 5 above). The Performance Allocation may create an incentive for Frontlight 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 Performance Allocations were not allocated to the General Partner.

Item 7. Types of Clients

Frontlight will provide investment advisory services to the Funds. Investment advice will be provided directly to the Funds and not individually to the investors in the Funds. Interests and shares in the Funds are offered pursuant to applicable exemptions from registration under the U.S. securities laws. Accordingly, investors in the U.S. Fund and U.S. investors in the Offshore Fund must each be (i) an "accredited investor" as defined in Regulation D under the U.S. Securities Act of 1933, as amended (the "1933 Act"), and (ii) a "qualified purchaser" as that term is defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended. The minimum initial investment for "class A" interests or shares in each Fund is \$5,000,000 and the minimum initial investment for "class F" interests or shares in each Fund is \$20,000,000. These minimum investment amounts may be waived by the Funds in certain circumstances including for investors who are Frontlight employees, affiliates, family members and similar parties. The "class SI-A" interests and "class SI-B" interests in the Offshore Fund and the Master Fund will only be issued to the Strategic Investor and its affiliates.

Investors in the Funds may include, but are not limited to, high net worth individuals, family offices, fund-of-hedge funds, endowments, foundations, trusts, estates, charitable organizations, pension plans, limited partnerships, limited liability companies and similar entities.

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

Each Feeder Fund will invest substantially all of its assets in the Master Fund, through a “master-feeder” structure. For purposes of clarity and convenience, this Item 8 refers to the investment program and portfolio transactions of the “Fund.” However, each Feeder Fund will invest substantially all of its assets in the Master Fund. Therefore, where appropriate, references to “the Fund” will be construed to mean the Feeder Funds or the Master Fund, as the case may be.

Investment Objective

The Fund’s investment objective is to provide investors with competitive risk-adjusted returns. The Fund will seek to achieve the investment objective through finding and profiting from mis-priced risk throughout multiple asset classes, including global interest rates, foreign exchange, global credit markets and associated derivatives.

Frontlight will seek to exploit absolute and relative market dislocations using a variety of instruments such as sovereign bonds, swaps, FX, credit, volatility, equity indices and commodities in order to deliver market agnostic returns. Frontlight believes that active management is essential in order to capture the expected resultant opportunities through a repeatable and well defined investment process.

Frontlight will deploy risk management techniques throughout the investment selection process as a means to seek to uncover and independently validate trades that exhibit asymmetrically desirable risk-reward profiles, while seeking to eliminate those that fail to meet minimum standards established from time to time by Frontlight. As part of the selection process, Frontlight will construct and monitor the portfolio with a focus on optimizing desirable attributes and paying careful attention to overall liquidity, correlation and concentration risks. Frontlight’s trade implementations will be constructed with an eye toward optimizing risk-adjusted returns while minimizing negative outcomes.

Material Risks

An investment in a Fund involves a high degree of investment risk, including the risk that the entire amount invested may be lost. The Funds will make investments using strategies and financial techniques with significant risk characteristics and is not intended as a complete investment program. No guarantee is made that the investment objectives of the Funds will be realized. The specific material, significant and unusual risks associated with Frontlight’s investment strategy are as follows:

Investment and Trading Risks. An investment in the Fund involves a high degree of risk, including the risk that the entire amount invested may be lost. No guarantee or representation is made that the Fund’s investment program will be successful. Frontlight will be investing substantially all of the Fund’s assets in securities and instruments, which may be particularly sensitive to economic, market, industry, regulatory and other variable

conditions. The markets in which the Fund expects to invest have recently experienced and continue to experience significant volatility and losses. No assurance can be given as to when or whether adverse events might occur that could cause immediate and significant losses to the Fund.

Mis-priced Risk. The Fund will seek to achieve the investment objective through finding and profiting from mis-priced risk in multiple asset classes. Frontlight believes that the markets are inefficient and the combination of global central bank policy and changes to underlying financial market regulation may have dramatic effects on market liquidity that can result in more pronounced absolute and relative price distortions. The identification of mis-priced risk is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. Furthermore, although such investments offer opportunities for above average returns, these investments involve a high degree of risk and can result in substantial losses.

Short Sales. Frontlight expects to engage in short sales as part of hedging transactions or when it believes securities are overvalued. Short sales are sales of securities the Fund borrows but does not actually own, usually made with the anticipation that the prices of the securities will decrease and the Fund will be able to make a profit by purchasing the securities at a later date at the lower prices. The Fund will incur a potentially unlimited loss on a short sale if the price of the security increases prior to the time it purchases the security to replace the borrowed security. A short sale presents greater risk than purchasing a security outright since there is no ceiling on the possible cost of replacing the borrowed security, whereas the risk of loss on a “long” position is limited to the purchase price of the security. Closing out a short position may cause the security to rise further in value creating a greater loss.

Short sale transactions have been subject to increased regulatory scrutiny in response to market events in recent years, including the imposition of restrictions on short selling certain securities and reporting requirements. The Fund’s ability to execute a short selling strategy may be materially adversely impacted by temporary and/or new permanent rules, interpretations, prohibitions, and restrictions adopted in response to these adverse market events. Temporary restrictions and/or prohibitions on short selling activity may be imposed by regulatory authorities with little or no advance notice and may impact prior trading activities of the Fund. Additionally, the SEC, its foreign counterparts, other governmental authorities and/or self-regulatory organizations may at any time promulgate permanent rules or interpretations consistent with such temporary restrictions or that impose additional or different permanent or temporary limitations or prohibitions. The SEC might impose different limitations and/or prohibitions on short selling from those imposed by various non-U.S. regulatory authorities. These different regulations, rules or interpretations might have different effective periods.

Regulatory authorities may impose restrictions that adversely affect the Fund’s ability to borrow certain securities in connection with short sale transactions. In addition, traditional lenders of securities might be less likely to lend securities under certain market conditions. As a result, the Fund may not be able to effectively pursue a short selling strategy due to a limited supply of securities available for borrowing. The Fund may also incur additional

costs in connection with short sale transactions, including in the event that it is required to enter into a borrowing arrangement in advance of any short sales. Moreover, the ability to continue to borrow a security is not guaranteed and the Fund is subject to strict delivery requirements. The inability of the Fund to deliver securities within the required time frame may subject the Fund to mandatory close out by the executing broker-dealer. A mandatory close out may subject the Fund to unintended costs and losses. Certain action or inaction by third-parties, such as executing broker-dealers or clearing broker-dealers, may materially impact the Fund's ability to effect short sale transactions. Such action or inaction may include a failure to deliver securities in a timely manner in connection with a short sale effected by a third-party unrelated to the Fund.

Futures Contracts. The value of futures depends upon the price of the securities, commodities, instruments, indices or other financial measures underlying them. The prices of futures are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, inflation, foreign exchange rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, investments in futures are also subject to the risk of the failure of any of the exchanges on which the Fund's positions trade or of its clearinghouses or futures commission merchants. Futures positions may be illiquid because certain exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Fund from promptly liquidating unfavorable positions and subject the Fund to substantial losses or could prevent the Fund from entering into desired trades. In extraordinary circumstances, a futures exchange, the CFTC or another similar non-U.S. regulatory body or agency could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

Forward Trading. The Fund may enter into forward contracts with counterparties. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies and commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by the Fund due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which Frontlight would otherwise recommend, to the

possible detriment of the Fund. Market illiquidity or disruption could result in major losses to the Fund.

Foreign Exchange. Spot and forward prices are highly volatile. Price movements for spot and forward contracts may be influenced by, among other things, changing supply and demand relationships, trade, fiscal, monetary, and exchange control programs and policies of governments, domestic and foreign political and economic events, changes in domestic and foreign interest rates and rates of inflation, currency devaluations and revaluations and emotions of the marketplace. In addition, governments from time to time intervene directly and by regulation in certain markets, particularly those currencies in gold. Such intervention is often intended to influence prices directly. None of these factors can be controlled by Frontlight, and no assurance can be given that Frontlight's advice will result in profitable trades for the Fund or that the Fund will not incur substantial losses. Spot and forward contracts are not traded on exchanges. Rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Neither the CFTC nor banking authorities currently regulate trading in forward contracts on currencies, nor is there a limitation on the daily price movements of forward contracts. Speculative position limits are not applicable to forward trading. The Fund will be subject to the risk of the inability or refusal to perform on the part of the principals or agents or through whom such forward contracts are traded.

Swap Transactions and Credit Default Swaps. The Fund may enter into swap agreements with respect to securities, indexes of securities, interest rates, currencies, commodities, indexes of commodities and other assets or other measures of risk or return (or components of any of them). Swap agreements are typically two-party contracts entered into primarily by institutional investors for periods ranging from a few weeks to many years. In a standard "swap" transaction, two parties agree to exchange the returns (or the differential in rates of return) earned or realized on particular predetermined investments, instruments, or indices. The gross returns to be exchanged or "swapped" between the parties are generally calculated with respect to a "notional amount". Whether the Fund's use of swap agreements will be successful will depend on Frontlight's ability to select appropriate transactions for the Fund. Swap transactions may be highly illiquid. Moreover, the Fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. Many swap markets are relatively new and still developing. It is possible that developments in the swap markets, including potential government regulation, could adversely affect the Fund's ability to terminate existing swap transactions or to realize amounts to be received under such transactions. Swaps and certain other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty.

Total return swaps are another form of swap transaction that the Fund may utilize in its investment program. A total return swap allows the total return receiver to receive the change in market value of an asset (whether a security, basket of securities, interest rate, form of debt, currency, commodity, or other asset) from the total return payer in return for paying a floating or fixed interest-rate on a predetermined amount. The total return payer is synthetically short and the total return receiver is synthetically long. Thus, total return

swap agreements may effectively add leverage to the Fund's portfolio because, in addition, to its total net assets, the Fund would be subject to investment exposure on the notional amount of the swap agreement.

Credit default swaps are another type of swap that the Fund may utilize. A credit default swap is a type of credit derivative which allows one party (the "protection buyer") to transfer credit risk of a reference entity (the "reference entity") to one or more other parties (the "protection seller"). The protection buyer pays a periodic fee to the protection seller in return for protection against the occurrence of a number of events (each a "credit event") which may be experienced by the reference entity. Credit default swaps carry specific risks including, but not limited to, high levels of leverage, the possibility that premiums are paid for credit default swaps which expire worthless, wide bid/offer spreads and documentation risks. In addition, there can be no assurance that the counterparty to a credit default swap will be able to fulfill its obligations to the Fund if a credit event occurs in respect of the reference entity. Further, the counterparty to a credit default swap may seek to avoid payment following an alleged credit event by claiming that there is a lack of clarity in, or an alternative meaning of, language used in the contract, most notably the language specifying what would amount to a credit event.

Exchange Rate Fluctuations; Currency Considerations. The Fund may invest in securities denominated in currencies other than the U.S. dollar or hold active currency positions that are denominated in currencies other than the U.S. dollar and, as a result, may be exposed to currency exchange risk. Changes in exchange rates between currencies or the conversion from one currency to another may cause the value of the Fund's investments to diminish or increase. Currency exchange rates may fluctuate over short periods of time and are generally determined by supply and demand in the currency exchange markets and the relative merits of investments in different countries, actual or perceived changes in interest rates and other complex factors. Currency exchange rates can be affected unpredictably by intervention (or the failure to intervene) by governments or central banks, or by currency controls or political developments.

Furthermore, the Fund may incur costs in connection with conversions between various currencies. Currency exchange dealers realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to the Fund at one rate, while offering a lesser rate of exchange should the Fund desire immediately to resell that currency to the dealer. The Fund will conduct currency exchange transactions either on a spot (i.e., cash) basis at the spot rate prevailing in the currency exchange market, or through entering into forward or options contracts to purchase or sell non-U.S. currencies. It is anticipated that most of the Fund's currency exchange transactions will occur at the time securities are purchased and will be initiated primarily for the purpose of hedging exposure to the underlying currency.

Concentration of Investments. The Fund's portfolio may, from time to time, be concentrated in a particular type of security, asset class, industry, geographic location or market capitalization. This may be the result of the Fund's opportunistic investing, external market forces or the lack of liquidity in one security as compared to other securities the Fund holds. Losses incurred in a position making up a significant percentage of the Fund's

capital could have a material adverse effect on the Fund's overall financial condition. This limited diversity could expose the Fund to significantly greater volatility than in a more diversified portfolio.

Use of Leverage. Frontlight expects to use leverage in the Fund's portfolio. The Fund's leverage will be derived through margin and by using options, short sales, swaps, forwards, futures contracts and other derivative instruments. Although leverage increases returns to the investors if the Fund earns a greater return on the incremental investments purchased with borrowed funds than it pays for such funds, the use of leverage decreases returns to the investors if the Fund fails to earn as much on such incremental investments as it pays for such funds. In the event that the Fund leverages its portfolio, fluctuations in the market value of the Fund's portfolio will have a significant effect in relation to the Fund's capital and the risk of loss and the possibility of gain will be increased. In addition, when the Fund utilizes leverage, the level of interest rates generally, and the rates at which the Fund can borrow in particular, will be an expense of the Fund and therefore affect the operating results of the Fund. Leverage increases the risk of substantial losses (including the risk of a total loss of capital) and leverage can significantly magnify the volatility of the Fund's portfolio.

The Fund may use short-term margin borrowing in purchasing securities positions. Such borrowing, if made, may result in certain additional risks to the Fund. For example, should the securities pledged to brokers to secure the Fund's margin accounts decline in value, the Fund could be subject to a "margin call," pursuant to which the Fund would be required to either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden, precipitous drop in value of the Fund's assets, the Fund might not be able to liquidate assets quickly enough to pay off its margin debt.

Non-U.S. Securities. The Fund expects to invest in securities and instruments of non-U.S. issuers, including issuers located in emerging markets. See "Emerging Markets" below. The Fund's investments in securities and instruments in non-U.S. markets involve substantial risks often not typically associated with investing in U.S. securities. Investments in non-U.S. securities may be adversely affected by changes in currency rates or exchange control regulations, changes in governmental administration or economic or monetary policy (in the United States and abroad) or changed circumstances in dealings between nations. Changes in foreign currency exchange rates relative to the U.S. dollar will affect the U.S. dollar value of the Fund's assets denominated in that currency and thereby will have an impact upon the Fund's total return on such assets. The Fund may utilize options and forward contracts to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be effective.

Investments in non-U.S. securities will also be subject to risks relating to political and economic developments abroad, including the possibility of expropriations or confiscatory taxation, limitations on the use or transfer of the Fund's assets and the effects of foreign social, economic or political instability. Non-U.S. companies are not subject to the regulatory requirements of U.S. companies and, as such, there may be less publicly available information about such companies. Moreover, non-U.S. companies are not

subject to uniform accounting, auditing and financial reporting standards and requirements comparable to those applicable to U.S. companies.

Securities of non-U.S. issuers may be less liquid than comparable securities of U.S. issuers and, as such, their price changes may be more volatile. Furthermore, foreign exchanges and broker-dealers are generally subject to less government and exchange scrutiny and regulation than their American counterparts. Brokerage commissions, dealer concessions and other transaction costs may be higher on foreign markets than in the U.S. In addition, differences in clearance and settlement procedures on foreign markets may occasionally lead to delays in settlements of the Fund's trades effected in such markets.

Repatriation of investment income, capital and the proceeds of sales by foreign investors may require governmental registration and/or approval. The Fund could be adversely affected by delays in or a refusal to grant any required governmental registration or approval for such repatriation or by withholding taxes imposed by the government of an emerging country.

Taxation of dividends, interest and capital gains received by non-residents varies among foreign countries and, in some cases, is comparatively high. In addition, some countries have tax laws and procedures that may permit retroactive taxation so that the Fund could in the future become subject to local tax liability that it had not reasonably anticipated in conducting its investment activities or valuing its assets.

Emerging Markets. The Fund expects to invest in securities of issuers located in emerging markets. Investments in securities and instruments in such emerging and developing markets could involve substantial risks not typically associated with investing in more established markets, including, without limitation, those set forth above under "Non-U.S. Securities." Such securities investments may (i) be affected by changes in currency rates or exchange control regulations, changes in governmental administration or economic or monetary policy or changed circumstances in dealings between nations and (ii) occasion risks relating to political and economic developments abroad, including the possibility of expropriations or confiscatory taxation, limitations on the use or transfer of the Fund's assets and the effects of foreign social, economic or political instability. Certain companies in developing markets are not subject to (a) the regulatory requirements of more established markets and, as such, there may be less publicly available information about such companies and (b) uniform accounting, auditing and financial reporting standards and requirements comparable to those applicable to other companies. Such securities may be less liquid than comparable securities of issuers in more established markets and, as such, their price changes may be more volatile. There may also be additional risks attendant to holding securities in sub-custodians located in developing or emerging market countries.

Emerging markets generally are not as efficient as those in developed countries. In some cases, a market for the security may not exist locally, and transactions will need to be made on a neighboring exchange. Volume and liquidity levels in emerging markets are lower than in developed countries. When seeking to sell emerging market securities, little or no market may exist for the securities.

Lack of adequate custodial systems in some emerging market countries may prevent investment in a given country or may require the Fund to accept greater custodial risks in order to invest in such countries. Investors should note that settlement mechanisms in emerging market countries are generally less developed and reliable than those in developed countries and that this, therefore, increases the risk of settlement default, which could result in substantial losses for the Fund in respect of its investments in emerging market countries. Custodian expenses for a portfolio of emerging markets securities are generally higher than for a portfolio of securities of issuers based in developed countries.

Investments in emerging market countries may involve further risks in addition to those identified above for investments in non-U.S. securities. Economies in emerging market countries generally are dependent heavily upon international trade and, accordingly, have been and may continue to be affected adversely by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be affected adversely by economic conditions in the countries in which they trade. There may be a lack of liquidity for emerging market securities; interest rates and relevant currency exchange rates may be more volatile; sovereign limitations on these investments may be more likely to be imposed; there may be significant balance of payment deficits; and their economies and markets may respond in a more volatile manner to economic changes than those of developed countries.

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

When Frontlight decides to hedge one or more positions, its success will be based on Frontlight's ability to correctly assess the degree of correlation between the performance of the hedging instrument and the performance of the investment being hedged. Since the characteristics of many securities change as markets change or time passes, the success of a hedge will also be subject to Frontlight's ability to periodically recalculate, readjust, and execute the hedge in an efficient and timely manner. While the Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Fund than if it had not engaged in any such hedging transactions. In certain transactions, the Fund may not be "hedged" against market fluctuations, or, in liquidation situations, may not accurately value the assets of the company being liquidated. This can result in losses, even if the proposed transaction is consummated. When Frontlight desires to hedge a position in the Fund's portfolio, it might not be able to do so because a hedge may not be available; it may be too costly in light of the likelihood of the possible risk actually occurring or the risk simply could not be reasonably anticipated.

Fixed Income Securities. The Fund may invest in bonds and other fixed income securities of U.S. and non-U.S. issuers. The values of fixed income securities in which the Fund invests will change in response to fluctuations in interest rates and, in certain cases, inflation. In addition, the values of certain fixed-income securities can fluctuate in response to changes in perceptions of creditworthiness, political stability or soundness of economic policies and in response to supply and demand in the markets for such securities. 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 and inflation sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk).

Risks of Investments in Options. Investing in options can provide greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment (i.e., the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (i.e., sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value. Over-the-counter options that the Fund may use in its investment strategies generally are not assignable except by agreement between the parties concerned, and no party or purchaser has any obligation to permit such assignments. The over-the-counter market for options is relatively illiquid, particularly for relatively small transactions.

Put and Call Options. The Fund may purchase exchange-listed and over-the-counter ("OTC") put and call options. In addition, the Fund may write and sell covered or uncovered call and put option contracts.

Investing in options can provide greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment (i.e., the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires.

A call option gives the purchaser of the option the right to buy, and obligates the writer to sell, the underlying investments at a stated exercise price at any time prior to the expiration of the option. Similarly, a put option gives the purchaser of the option the right to sell, and obligates the writer to buy, the underlying investments at a stated exercise price at any time prior to the expiration of the option. Options written by the Fund may be wholly or partially covered (meaning that the Fund holds an offsetting position) or uncovered. Options on specific investments may be used by the Fund to seek enhanced profits with respect to a

particular investment. Alternatively, they may be used for various defensive or hedging purposes. For example, they may be used to protect against a future adverse change in the market price of particular portfolio investments held by the Fund without requiring a sale of the investments.

Use of put and call options may result in losses to the Fund, force the sale or purchase of portfolio investments at inopportune times or for prices higher than (in the case of put options) or lower than (in the case of call options) current market values, limit the amount of appreciation the Fund can realize on their investments or cause the Fund to hold an investment it might otherwise sell. For example, a decline in the market price of a particular investment could result in a complete loss of the amount expended by the Fund to purchase a call option (equal to the premium paid for the option and any associated transaction charges). An adverse price movement may result in unanticipated losses with respect to covered options sold by the Fund. The use of uncovered option writing techniques may entail greater risks of potential loss to the Fund than other forms of options transactions. For example, a rise in the market price of the underlying investment will result in the Fund realizing a loss on the calls written, which would not be offset by the increase in the value of the underlying investments to the extent the call option position was uncovered.

Other Derivative Investments. Derivative instruments or “derivatives” include futures, options, 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, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative 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 may expose the Fund to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts. Swaps and certain options and other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty.

Illiquid Securities; Designated Investments. Although Frontlight does not currently anticipate that any of the Fund’s assets will be designated as “Designated Investments”, in certain circumstances, general economic or market conditions may render, in the sole discretion of Frontlight, certain investments held by the Fund as illiquid, restricted or difficult to value. In such event, Frontlight may designate such investments as “Designated Investments”, and all investors at the date of such designation will participate on a pro rata basis in such Designated Investments. Such Designated Investments may have to be held for a substantial period of time before they can be liquidated, if at all. Market prices for such Designated Investments are often volatile and may not be ascertainable. The resale

of restricted and illiquid securities often may have higher brokerage charges. Designated Investments may represent capital not available for withdrawal/redemption by investors. Such investments may be difficult to value.

Counterparty Risk. Some of the markets in which the Fund may effect its transactions are “over-the-counter” or “interdealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange based” markets. This exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Fund to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Fund has concentrated its transactions with a single or small group of counterparties. The Fund is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty.

Pursuant to the Dodd-Frank Act (as defined below), some derivatives transactions will be subject to mandatory clearing and will also be subject to the margin requirements set forth by the clearinghouse. The additional margin, capital and collateral obligations may increase the cost of derivatives transactions and thereby potentially decrease the profitability of certain positions.

Small-Cap and Mid-Cap Risks. The Fund may invest in equities of small- and mid-capitalization companies. While, in Frontlight’s opinion, the securities of small- and mid-cap issuers may offer the potential for greater capital appreciation than investment in securities of larger-cap issuers, securities of small- and mid-capitalization issuers may also present greater risks. For example, some small- and mid-cap issuers have limited product lines, markets, or financial resources and may be dependent for management on one or a few key persons. In addition, such issuers may be subject to high volatility in revenues, expenses and earnings. Their securities may be thinly traded, may be followed by fewer investment analysts and may be subject to wider price swings and thus may create a greater chance of loss than when investing in securities of larger-cap issuers. In addition, due to thin trading in many smaller capitalization stocks, an investment in such stocks may be characterized by reduced liquidity. Further, the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is potentially higher than for larger, “blue-chip” companies. The market prices of securities of small- and mid-cap issuers generally are more sensitive to changes in earnings expectations, corporate developments, and market rumors than are the market prices of larger-cap issuers. Transaction costs in securities of small- and mid-cap issuers may be higher than in those of large-cap issuers. There may be less information about small and mid-cap companies than larger cap companies.

Cash Balances. The Fund may hold a portion of its assets in cash. The Fund will hold any cash balances it may accumulate for investment, reinvestment or distribution to the investors in securities subject to repurchase agreements, in money market mutual funds, in interest-bearing bank accounts or in other fixed-income securities. The returns on the cash

balances are expected to be low and the Fund could miss more significant returns if its cash balances are high.

Loans of Portfolio Securities. The Fund may lend its portfolio securities on terms customary in the securities industry, enter into reverse repurchase agreements or enter into other transactions constituting a loan of the Fund's assets. By doing so, the Fund attempts to increase its income through the receipt of interest on the loan. In the event of a default or the bankruptcy of the other party to a securities loan, the Fund could experience delays in recovering the securities it lent and there is no assurance that the securities will be recovered. To the extent that the value of the securities the Fund lent has increased, the Fund could experience a loss if such securities are not recovered.

Money Market Instruments. Frontlight may invest, for defensive purposes or otherwise, all or a portion of the Fund's assets in money-market instruments and foreign money-market mutual funds, or hold cash or cash equivalents in such amounts as Frontlight deems appropriate under the circumstances. Money market instruments are high quality, short term fixed-income obligations, which generally have remaining maturities of one year or less, and may include U.S. Government securities, commercial paper, certificates of deposit and bankers' acceptances issued by domestic branches of United States banks that are members of the Federal Deposit Insurance Corporation, and repurchase agreements. However, there can be no assurances that such investments will not be subject to significant risks.

Exchange Traded Funds. The Fund may invest in and sell short shares of exchange traded funds ("ETFs") and other similar instruments. These transactions may be used to adjust the Fund's exposure to the general market or industry sectors and to manage the Fund's risk exposure. ETFs and other similar instruments involve risks generally associated with investments in a broadly based portfolio of common stocks, including the risk that the general level of stock prices, or that the prices of stocks within a particular sector, may increase or decrease, thereby affecting the value of the shares of the ETF or other instruments.

General Economic and Market Conditions. The success of the Fund's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Fund's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect, among other things, the level and volatility of securities' prices, the liquidity of the Fund's investments and the availability of certain securities and investments. Volatility or illiquidity could impair the Fund's profitability or result in losses. The Fund may maintain substantial trading positions that can be materially adversely affected by the level of volatility in the financial markets—the larger the positions, the greater the potential for loss.

Market Disruptions; Governmental Intervention; Dodd-Frank Wall Street Reform and Consumer Protection Act. The global financial markets have in recent years gone through pervasive and fundamental disruptions that have led to extensive governmental

intervention. Such intervention was in certain cases implemented on an “emergency” basis, suddenly and substantially eliminating market participants’ ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, certain of these interventions have been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of the markets as well as previously successful investment strategies.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), which aims to reform various aspects of the U.S. financial markets, covers a broad range of market participants including investment advisers (registered and unregistered) such as Frontlight. The Dodd-Frank Act may directly affect Frontlight by mandating additional new reporting requirements, including, but not limited to, position information, use of leverage and counterparty and credit risk exposure. Until the SEC implements the new reporting requirements, it is unknown how burdensome such new reporting requirements will be.

The Dodd-Frank Act may also affect the Fund in a number of other ways. Pursuant to the Dodd-Frank Act, banks and other financial firms (like the Fund and Frontlight) may be designated as “Systemically Important Financial Institutions” or SIFIs. Any bank or financial firm so designated will be subject to regulation by the Federal Reserve Board. In the area of derivatives, the Dodd-Frank Act provides for the registration and comprehensive regulation of “major swap participants.” Although the General Partner and Frontlight believe they are unlikely to be classified as SIFIs and are not subject to the requirements for “major swap participants,” the consequences of being so classified could be substantial and adverse. In addition, the cost of derivative transactions may substantially increase as result of the Dodd-Frank Act as additional margin, capital and collateral obligations are implemented.

The Fund may incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to the Fund from its banks, dealers and other counterparties will typically be reduced in disrupted markets. Such a reduction may result in substantial losses to the Fund. Market disruptions may from time to time cause dramatic losses for the Fund, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

Equity Securities Generally. The Fund may invest in equity and equity-related securities in the U.S. and other countries. The value of these financial instruments generally will vary with the performance of the issuer and movements in the equity markets. As a result, the Fund may suffer losses if it invests in equity instruments of issuers whose performance diverges from Frontlight’s expectations or if equity markets generally move in a single direction and the Fund has not hedged against such a general move. The Fund may also be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon

conversions of convertible securities and registering or otherwise qualifying restricted securities for public resale.

Difficulty of Locating Suitable Investments. There can be no assurance that there will be a sufficient number of suitable investment opportunities to enable the Fund to invest all of its capital in opportunities that satisfy the Fund's investment objective or that such investment opportunities will lead to completed investments by the Fund. The availability of investment opportunities, particularly with small issues, generally will be subject to competition from other investment entities.

Competition. The securities industry and the varied strategies engaged in by Frontlight are extremely competitive and each involves a degree of risk. The Fund competes with firms, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs.

Suspension of Trading. For all securities traded on public exchanges, each exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension could render it impossible for the Fund to liquidate its positions and thereby expose it to losses. In addition, there is no guarantee that non-exchange markets will remain liquid enough for the Fund to close out positions.

Change in Investment Strategies. The investment strategies, approaches and techniques discussed herein may evolve over time due to, among other things, market developments and trends, the emergence of new or enhanced investment products, changing industry practice and/or technological innovation. As a result, these investment strategies, approaches and techniques may not reflect the investment strategies, approaches and techniques actually employed by the Fund. Nevertheless, the investments made on behalf of the Fund will be consistent with the Fund's investment objective.

Broker Risk. The Fund's assets may be held in one or more accounts maintained for the Fund (or the Master Fund) by its prime brokers or at other brokers or custodian banks, which may be located in various jurisdictions, including emerging market jurisdictions. The prime brokers, other brokers (including those acting as sub-custodians) and custodian banks are subject to various laws and regulations in the relevant jurisdictions that are designed to protect their customers in the event of their insolvency. Accordingly, the practical effect of the laws protecting customers in the event of insolvency and their application to the Fund's assets may be subject to substantial variations, limitations and uncertainties. For instance, in certain jurisdictions brokers could have title to the Fund's assets or not segregate customer assets. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a prime broker, another broker or a clearing corporation, it is impossible to generalize about the effect of the insolvency of any of them on the Fund and its assets. Investors should assume that the insolvency of any of the prime brokers, local brokers, custodian banks or clearing corporations may result in the loss of all or a substantial portion of the Fund's assets or in a significant delay in the Fund having access to those assets.

Item 9. Disciplinary Information

Neither Frontlight nor any of its management personnel has been involved in any legal or disciplinary events that would be material to a client's or a prospective client's evaluation of our advisory business or the integrity of our management.

Item 10. Other Financial Industry Activities and Affiliations

The General Partner serves as the general partner of the U.S. Fund and the Master Fund.

Frontlight and its members, affiliates and employees (the "Management Affiliates") may engage in other activities, including providing investment management and advisory services to other accounts, and shall not be required to refrain from any activity, to disgorge profits from any such activity or to devote all or any particular amount of time or effort of any of their officers, directors or employees to the Funds and their affairs. The Management Affiliates are not restricted from forming managed accounts or other funds, from entering into other investment advisory relationships, or from engaging in other business activities, even though such activities may be in competition with the Funds and/or may involve substantial time and resources of one or more of the Management Affiliates. These activities could be viewed as creating a conflict of interest in that the time and effort of the Management Affiliates will not be devoted exclusively to the business of the Funds, but will be allocated between the business of the Funds and other business activities of the Management Affiliates.

Frontlight and any of the Management Affiliates may give advice or take action with respect to other accounts (including those that have investment objectives and/or investment strategies similar to the Funds') which may be the same as or differ from the advice given or the timing or nature of any action taken with respect to investments of the Funds. In addition, the Management Affiliates may have a conflict of interest in rendering advice to a client because the financial benefit from managing some other client's account may be greater (e.g., such account generates higher fees or allocations tied to either higher percentages earned or larger amounts of capital investment by Frontlight or another Management Affiliate), which may provide an incentive to favor the other account. Allocation of investment opportunities among the Fund and any other accounts will be made in Frontlight's judgment based upon the investment objectives and investment portfolio of the Fund and such other accounts.

Frontlight (and/or its affiliated General Partner) is registered with the Commodity Futures Trading Commission ("CFTC") as a "commodity pool operator" (a "CPO"). Frontlight will operate the Funds in accordance with the limitations set forth in CFTC Rule 4.7. CFTC Rule 4.7 requires, among other things, that each investor be a "qualified eligible person", as defined under the CFTC rules, and that Interests be exempt from registration under the 1933 Act, and be offered and sold without marketing to the public in the United States.

Frontlight has implemented policies which limit the ability of its personnel to participate in outside business activities.

Harvey S. Felman, a founder and the President of Frontlight ("President"), serves on the board of directors of the Offshore Fund and the Advisory Board of the Master Fund. Mr. Felman may have

a conflict of interest between his responsibilities to Frontlight and to the Offshore Fund and the Master Fund.

The Funds, Frontlight, the General Partner and the principals of Frontlight entered into agreements with an investor (the “Strategic Investor Agreements”) that is not affiliated with Frontlight (the “Strategic Investor”), pursuant to which the Strategic Investor made a substantial investment in certain of the Funds. In consideration for this investment, the Strategic Investor has been granted certain rights and is subject to certain obligations that are different from those generally provided to other investors in the Funds, including, but not limited to, certain preferential information rights, withdrawal rights and approval rights. Accordingly, the Strategic Investor will have access to more information than other investors and will be permitted to withdraw capital upon the occurrence of certain material events while other investors might not receive notice of such events or any additional withdrawal right. The Strategic Investor has no obligations or responsibilities to, and will not be involved in the management of the Funds, subject to certain approval and other rights set forth in the Strategic Investor Agreements. During such time as the Strategic Investor’s and its affiliates’ direct and indirect investments in the Master Fund is equal to or greater than fifty percent (50%) of the net asset value of the Master Fund (as such percentage may be adjusted from time to time as required by law applicable to the Strategic Investor), the Master Fund and Frontlight will be subject to (i) the Strategic Investor’s Prohibited Securities List, which sets forth certain issuers that the Master Fund will not be permitted to invest in as determined from time to time by the Strategic Investor, and (ii) compliance with certain regulatory provisions applicable to the Strategic Investor relating to investment managers acting on behalf of the Strategic Investor in making investments. Such requirements could limit the ability of the Master Fund to make certain investments or take certain actions, which could have a material adverse effect on the Funds. The interests of the Strategic Investor might not be aligned with the interests of other investors and, accordingly, the Strategic Investor may not approve certain matters that might be of benefit to other investors and may approve certain matters that could have an adverse effect on other investors.

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

Frontlight has adopted a Code of Ethics (the “Code”) pursuant to Rule 204A-1 under the Advisers Act. Copies of the Code will be provided to any current or prospective client or investor by Frontlight, upon request. All officers and employees of Frontlight are required to follow the Code. The Code has been adopted based on the general principle that Frontlight aims to conduct its business according to the highest ethical standards. Persons subject to the Code are subject to, among other things, various restrictions relating to their acquisition of securities. These restrictions include reporting of personal accounts, holdings, and securities transactions and pre-clearance by Frontlight’s Chief Compliance Officer (the “CCO”) of certain transactions by officers and employees of Frontlight in securities (other than certain excluded securities and transactions). The Code also includes policies and procedures designed to prevent our officers and employees and the Funds from trading on material non-public information.

Frontlight and its personnel and partners may invest in the Funds, and in securities or other assets in which the Funds may invest, subject to applicable law and the Code, and to the investor eligibility requirements applicable to each of the Funds.

To the extent permitted under applicable law, Frontlight may, on behalf of any Fund, engage in certain transactions with its affiliates provided the terms thereof are commercially reasonable. In furtherance thereof, Frontlight may, on behalf of any Fund, for liquidity, portfolio rebalancing, trade allocation or other reasons, purchase investments from, sell investments to or enter into agreements with other accounts (i.e., “cross transactions”). The terms of any such cross transactions will be commercially reasonable and will not be materially less favorable to the Fund than those available in the market. Frontlight will receive no special fees or other compensation in connection with cross transactions. Expenses incurred in a cross transaction will be allocated equitably in the sole discretion of Frontlight between the Fund and the other accounts that are parties to the cross transaction. Similarly, if a transaction is cancelled, any costs incurred will be allocated equitably in the sole discretion of Frontlight between the Fund and the other accounts that are parties to the cross transaction.

Item 12. Brokerage Practices

Frontlight is responsible for selecting broker-dealers to execute trades for the Funds, and negotiating any commissions paid on such transactions. Frontlight’s primary consideration in placing transactions with particular broker-dealers is to obtain execution in the most effective manner possible. Frontlight also takes into account a variety of other factors, including the financial strength, integrity and stability of the broker-dealer and the commissions to be paid. Frontlight may also consider the quality, comprehensiveness and frequency of available research and other products and services considered to be of value. Such products and services furnished by broker-dealers may include, among other things, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services, discussion with research personnel, special execution capabilities, order of call and the availability of stocks to borrow for short trades.

Frontlight is authorized to pay higher prices for the purchase of securities from, or accept lower prices for the sale of securities to, brokerage firms that provide it with such research and trading related products and services or to pay higher commissions to such firms if Frontlight determines such prices or commissions are reasonable in relation to the overall services provided. Accordingly, the Master Fund may be deemed to be paying for research and other products and services with “soft” or commission dollars. To the extent that Frontlight uses brokerage commissions (or markups or markdowns) to obtain research or other products or services that would otherwise be an expense of Frontlight, such use of commissions could be viewed as additional compensation to Frontlight, and Frontlight receives a benefit because we do not have to produce or pay for such research or other products or services. This may create a potential conflict of interest between Frontlight’s fiduciary duty to operate the Funds in the best interest of the Funds and Frontlight’s desire to receive or direct these “soft-dollar” benefits. As a result of receiving such products or services, Frontlight has an incentive to select and recommend, and to use and continue to use, such brokers and dealers to effect transactions for the Funds so long as such brokers and dealers continue to provide such soft dollar credits to Frontlight, rather than based on the Funds’ interest in receiving most favorable execution of their securities transactions.

It is anticipated that the use of commissions or “soft dollars” to pay for research and brokerage products and services will fall within the safe harbor created by Section 28(e) of the Exchange Act. Under Section 28(e) of the Exchange Act, research and brokerage products and services

obtained with soft dollars generated by the Master Fund may be used by Frontlight to service accounts other than the Funds. Where a product or service obtained with soft dollars provides both research and/or brokerage and non-research and/or non-brokerage products and services to Frontlight, it will make a reasonable allocation of the cost that may be paid for with soft dollars. Frontlight has not entered into any soft dollar arrangements since its inception.

Frontlight does not recommend, request, or require that clients direct it to execute transactions through a particular broker-dealer. Frontlight does not consider any receipt of client referrals from a broker-dealer or third party when selecting or recommending broker-dealers. From time to time, however, representatives of Frontlight may speak at conferences and programs for investors interested in investing in hedge funds that are sponsored by prime brokers and other brokers. These conferences and programs may provide opportunities by which Frontlight is introduced to potential investors in the Funds and other investment vehicles it manages. Generally, the prime brokers are not compensated by Frontlight, the Funds, or potential investors for providing such “capital introduction” opportunities. In addition, prime brokers and other brokers may provide financing and other services to the Funds and Frontlight. Consequently, such additional services by a prime broker or other broker may influence Frontlight in deciding whether to use the services of such prime broker or other broker in connection with the activities of the Funds. To the extent Frontlight receives such services, conflicts may exist between Frontlight’s interests and the interests of the relevant Fund(s), including that Frontlight may have an incentive to select a prime broker or broker based on Frontlight’s interest in receiving client referrals, rather than on a Fund’s interest in receiving most favorable execution.

When the purchase and sale of securities and other instruments is considered to be in the best interest of both a Fund and other accounts, the securities or other instruments to be purchased or sold may be aggregated in order to obtain best execution and/or lower brokerage expenses. Execution prices for identical securities purchased or sold on behalf of multiple accounts in any one day may be (but are not required to be) averaged. In such instances, allocation of prices, as well as expenses incurred in the transaction, will be made in a manner that Frontlight considers to be equally as favorable to each of the applicable Funds and other accounts.

Item 13. **Review of Accounts**

Frontlight’s Investment Committee, chaired by the Chief Investment Officer (“CIO”), will meet to evaluate the Master Fund’s portfolio on a periodic basis. Other members of the committee will include the President and two senior portfolio management team members. The composition and size of Frontlight’s Investment Committee may change over time. The CIO will generally be responsible for day-to-day investment decisions that fall within predetermined risk and leverage limits as defined by the Investment Committee. Once trade positions have been taken, the Director of Risk will also monitor these risk positions on an individual trade and on an enterprise-wide basis. Real-time risk reporting will also be conducted to provide up-to-date exposure awareness and management. The Funds’ third party administrator reconciles security positions and cash with prime broker accounts regularly. Frontlight’s operations team will review reports prepared by the Funds’ administrator for completeness and accuracy between the Funds’ books and trading records as well as the prime broker accounts.

After the end of each fiscal year of the Funds, audited financial statements are prepared for each Fund, and each Feeder Fund will send to each of its investors such Feeder Fund's audited financial statements. In addition, each Feeder Fund will also provide each investor with a monthly report which will include unaudited performance information with respect to the Feeder Fund. Additionally, Frontlight may, from time to time in our discretion, provide additional reports and information to certain investors at our discretion, including (without limitation) with respect to valuations, profits, gains and losses, and such information may be provided more frequently than monthly.

Item 14. Client Referrals and Other Compensation

No persons that are not investors in the Funds provide us with an economic benefit for providing investment advice or other advisory services to our Funds and investors in the Funds. We do not, directly or indirectly, currently compensate any person (excluding any such compensation to supervised persons) for client referrals. However, the Funds and Frontlight may enter into agreements with one or more third parties providing for, among other things, (i) payments to such third parties of a fully disclosed sales charge, which may be paid from the investments of certain investors that agree thereto, or (ii) payments by Frontlight to one or more of such third parties of a one-time or ongoing fee based upon the capital contributions of certain investors.

Item 15. Custody

The Master Fund's prime broker and custodian will maintain custody of the Master Fund's securities and cash, although in certain instances other brokers that execute transactions for the Master Fund will maintain custody of the Master Fund's assets. In addition to the Master Feeder, each Feeder Fund will maintain an account with a custodian that is used to process periodic cash flows related to subscription and withdrawals or redemptions of interests or shares in such Feeder Fund. Frontlight does not use a qualified custodian to send quarterly account statements directly to the investors in the Funds. Each Fund will provide audited financial statements to its investors within 90 days following the close of each fiscal year.

Item 16. Investment Discretion

We have discretionary authority to manage the assets of each Fund pursuant to an investment management agreement applicable to such Fund and to which we are a party. These agreements include an explicit grant of discretionary authority to manage the applicable Fund's assets. There are no specific limitations placed on this authority, provided that we will exercise our discretionary authority in accordance with the investment objectives and strategy and applicable limitations, if any, set forth in applicable offering documents of each Fund.

Item 17. Voting Client Securities

Frontlight accepts the authority to vote client securities. In accordance with Rule 206(4)-6 of the Advisers Act, Frontlight has adopted a written policy which governs its voting of client securities. This policy applies to all proxies that Frontlight receives on behalf its clients, and reflects Frontlight's intent and obligation to vote all proxies in a manner which it reasonably believes is in the best interests of its clients (i.e. that it reasonably believes will maximize the value of the client's investment).

Frontlight's proxy voting policies and procedures provide that if a potential conflict of interest arises with respect to voting client securities, Frontlight's Compliance Committee will evaluate the conflict and determine an appropriate course of action in a manner consistent with Frontlight's obligation to its clients.

Any holder of an interest in a Fund may obtain a copy of Frontlight's proxy voting policy, as well as specific information about how it voted proxies on behalf of a particular Fund in which such holder has an interest upon request.

Item 18. Financial Information

Frontlight believes that it has no financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients, and Frontlight has not been the subject of any bankruptcy proceeding.