

Brochure
(Part 2A for Form ADV)

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January 14, 2016

This brochure provides information about the qualifications and business practices of LongTail Alpha, LLC (“LongTail Alpha”). If you have any questions about the contents of this brochure, please contact us at (949) 258-9630. 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 LongTail Alpha, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

LongTail Alpha is registered with the SEC as an investment adviser. This registration does not imply a certain level of skill or training.

Material Changes

This section of our brochure will summarize only material changes that have occurred at our firm since the date of the previous release of our brochure. We will update this section in the brochure on an annual basis and may send Clients and Investors (both as defined herein) a summary of any material changes at our firm in a separate mailing, such as along with our annual privacy policy mailing. Clients and Investors may receive a complete copy of our brochure by contacting our firm at (949) 258-9630 or at vb@longtailalpha.com.

This brochure accompanies LongTail Alpha's initial Form ADV filing. As such, this brochure does not reflect any material change to a previous filing.

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Advisory Business

LongTail Alpha is a California limited liability company founded in 2015 by Vineer Bhansali, Ph.D. LongTail Alpha is registered as an investment adviser with the SEC. Please note that registration with the SEC does not imply a certain level of skill or training. Vineer Bhansali is the majority owner and Chief Investment Officer of LongTail Alpha.

As of the date of this brochure, LongTail Alpha has no current advisory clients but is seeking to provide investment management services and discretionary investment advice to clients through separately managed accounts (collectively, “Clients”) and to private funds sponsored by LongTail Alpha (the “Funds”).

Except as otherwise described herein, investments for a Client will be managed in accordance with the Client’s investment objectives, strategies, restrictions and guidelines as set forth in the documents governing LongTail Alpha’s relationship with such Client or as otherwise communicated to LongTail Alpha by the Client. The investments of each Fund will be managed in accordance with the investment objectives, strategies and guidelines applicable to such Fund and will not be tailored to any particular investor in the Fund (an “Investor”). LongTail Alpha will not provide individualized investment advice to such Investors; therefore, Investors should consider whether a particular Fund meets their investment objectives, risk tolerance and financial situation.

LongTail Alpha’s investment management services will include determining the investment objectives of a Fund, determining appropriate asset allocation across the Fund’s investment strategies, executing trades, and monitoring existing and prospective investments in light of each Fund’s objectives and risk parameters. The Funds are expected to be organized under the laws of Delaware or the Cayman Islands. The Funds may also issue separate classes, sub-classes or series of interests or shares, each with its own investment objectives, risk guidelines, strategies and offering terms (including, without limitation, different fee schedules and currency denominations).

If a Client wishes to impose certain restrictions on investing in certain securities or types of securities, or is prohibited by applicable law from investing in such securities or types of securities, LongTail Alpha will address those requests on a case-by-case basis.

LongTail Alpha does not provide portfolio management services to wrap fee programs.

LongTail Alpha currently does not manage any client assets.

Fees and Compensation

GENERAL INFORMATION ABOUT ADVISORY FEES

As the sponsor/investment manager of the Funds, LongTail Alpha and/or its affiliates expect to receive management fees and an incentive allocation on net profits. LongTail Alpha may also be entitled to receive an incentive fee from Clients in respect of separately managed accounts. Details regarding any incentive allocation and incentive fee are set forth in the next section entitled, “Performance-Based Fees and Side-by-Side Management.” LongTail Alpha will also receive advisory fees from Clients in respect of separately managed accounts.

ADVISORY FEES WITH RESPECT TO THE FUNDS

Asset-based compensation paid to LongTail Alpha by, or with respect to, the Funds may vary depending on the nature of the services provided and the investment strategy utilized and is generally not negotiable.

However, any compensation earned by LongTail Alpha in connection with its management of the Funds may, in LongTail Alpha's sole discretion, be shared, waived, rebated or reduced for any person or entity, including, without limitation, "knowledgeable employees" (within the meaning of Rule 3c-5 of the Investment Company Act of 1940, as amended ("1940 Act"), and any SEC guidance thereunder) and consultants of LongTail Alpha.

Management fees are expected to be payable quarterly in advance. The capital account of LongTail Alpha or its affiliates, as sponsor/investment manager of each Fund, is not included when calculating any such fees.

The investors in LongTail Alpha's Funds will be "qualified purchasers" (as defined for purposes of the 1940 Act).

Each Fund will bear additional expenses related to its ongoing operations and sale of interests or shares. These costs will include the costs for the periodic updating of the offering documents, legal and accounting fees, tax preparation and audit fees, fees to the administrator, expenses of printing and mailing and costs of regulatory compliance. LongTail Alpha will provide each Fund, at no charge, office space and staff. Each Fund will also bear its own investment and business-related expenses.

ADVISORY FEES FOR SEPARATELY MANAGED ACCOUNTS

The advisory fees paid by a Client to LongTail Alpha will be detailed in the investment advisory agreement with that Client and will be subject to negotiation with the Client. A Client may therefore pay more or less than other Clients for the same or similar management services. Except as otherwise negotiated with the Client or described below, fees generally will be calculated based on the aggregate market value of all assets under management within the separate account, including allocations to cash. Asset values for fee-billing purposes generally will be based on market prices (as determined or provided by the separate account's custodian or other relevant independent third party) on the relevant valuation date. Client fees can be either directly debited from the separate account or invoiced and paid separately by the Client. The Clients will all be "qualified purchasers" (as defined for purposes of the 1940 Act).

Management fees are expected to be paid quarterly (either in advance or in arrears), based on market values as of the relevant valuation date(s), adjusted for contributions to and withdrawals from the separate account. Management fees may be calculated and accrued or paid more or less frequently or in a different manner, as specified in the relevant investment advisory agreement.

LongTail Alpha may invest Client assets in one or more pooled investment vehicles, such as Funds, mutual funds and exchange-traded funds, if such investments are consistent with the investment objectives and policies of the Client accounts involved. Subject to applicable law and regulations, if LongTail Alpha makes such an investment on behalf of its Clients, those Clients will be responsible, indirectly as investors in the pooled investment vehicles, for a portion of the operating expenses of the pooled investment vehicles in which they are invested, in addition to the advisory fees and incentive fee those Clients may pay directly to LongTail Alpha. In effect, those Clients would be paying two layers of advisory fees. Clients may incur fees and expenses in addition to the management fees paid to LongTail Alpha. These fees and expenses may include brokerage commissions, administration fees and custodian fees.

LongTail Alpha's management fee may be payable in advance depending upon the arrangement with the relevant Client. In those circumstances, upon termination, any fees paid in advance will be prorated to the date of termination and any excess will be refunded to the Client.

Neither LongTail Alpha nor any of its supervised persons accepts compensation for the sale of securities or other investment products.

NOTICE TO CALIFORNIA CLIENTS

Pursuant to the California Code of Regulations Subsection (j) of Rule 260.238, LongTail Alpha hereby discloses that a Client may receive lower fees from other sources for comparable services.

Performance-Based Fees and Side-by-Side Management

LongTail Alpha may be entitled to receive performance-based compensation calculated as a share of the capital appreciation of the Funds and Clients. LongTail Alpha will only receive performance-based compensation to the extent it complies with Rule 205-3 of the Investment Advisers Act of 1940, as amended (“Advisers Act”). Incentive compensation, if any, will be paid through an incentive fee paid by the Client’s account, or, with respect to the Funds, an allocation of profits from each Investor’s capital account to the capital account of LongTail Alpha or an affiliate, at each calendar year end or other time specified in the applicable Client’s or Fund’s documentation.

The incentive compensation may be subject to, among other things, a “high water mark” pursuant to which losses in a Fund or separate account are carried forward so that no performance fee is charged until the loss has been recouped, subject to certain adjustments.

The payment of performance-based compensation creates a conflict of interest since it may cause LongTail Alpha to make investments that are more speculative than might be the case in the absence of such fee arrangements.

LongTail Alpha may manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or account-based fee. Because the Clients may have different fee structures, a conflict of interest exists where LongTail Alpha must allocate any limited investment opportunities among the Clients, and may have an incentive to allocate to a Client with a fee structure more favorable to LongTail Alpha than to another Client. LongTail Alpha generally will address these conflicts by allocating investment opportunities among those Clients for which participation in the investment opportunity is considered appropriate in a fair and equitable manner, taking into account, among other considerations, whether the risk-return profile of the proposed investment is consistent with the Client’s objectives and the liquidity requirements of the Client. Such considerations may result in allocations on other than a *pari passu* basis.

Types of Clients

LongTail Alpha’s Clients may include endowments, foundations, registered mutual funds, institutions, high net worth individuals and the Funds.

Investors in the Funds are expected to include high net worth individuals and institutional investors (meeting the qualifications of those exceptions and exemptions under which the Fund will operate). LongTail Alpha expects each Fund to qualify for the exception from the definition of “investment company” under the 1940 Act under Section 3(c)(7) and to only offer interests or shares in the Funds to Investors in private placements pursuant to Regulation D under the Securities Act of 1933, as amended (“1933 Act”). As such, all Investors must meet the eligibility requirements for “accredited investors”

under the 1933 Act. Investors must also be “qualified clients” under the Advisers Act and “qualified purchasers” under the 1940 Act and/or “qualified eligible persons” under the regulations of the Commodity Futures Trading Commission, to the extent applicable. LongTail Alpha and its affiliates may invest in the Funds. Certain employees of LongTail Alpha and its affiliates who qualify as “knowledgeable employees” may also be permitted to invest in the Funds, generally provided that they meet certain eligibility requirements.

The minimum initial investment by each prospective investor in a Fund is expected to be \$5 million for entities and \$1 million for individuals. The minimum initial investment may be waived in the sole discretion of the relevant Fund.

Minimum account sizes for separate Client accounts vary depending on the type of investment advisory services to be performed and in certain circumstances may be negotiable. Separate Client account investment advisory services are generally available to individuals and institutional accounts with a minimum account size of \$10 million.

Methods of Analysis, Investment Strategies and Risk of Loss

METHODS OF ANALYSIS

In making investment decisions on behalf of Clients and the Funds, LongTail Alpha utilizes third party research in addition to software, database and statistical models and the internal research of its employees and advisory affiliates. LongTail Alpha’s software may be used as part of LongTail Alpha’s analysis of securities, market information and statistical patterns. LongTail Alpha’s investment decisions on behalf of Clients and the Funds reflect LongTail Alpha’s experience and judgment in the relevant markets. Investing in securities involves risk of loss that Clients and Investors should be prepared to bear.

INVESTMENT STRATEGIES

LongTail Alpha intends to run at least two investment strategies, a “OneTail Hedge” strategy and a “TwoTail Hedge” strategy. These strategies may be run in separately managed accounts for Clients or in the Funds.

LongTail Alpha’s “OneTail Hedge” strategy will seek to control downside risk of investment portfolios to large market shocks. The strategy is broadly designed with a few broad parameters in mind. First, the strategy controls risk to particular market exposures, such as aggregate equity beta exposure. Second, the strategy has a strike, or attachment point below which the portfolio of hedges theoretically should illustrate risk mitigation characteristics. Third, the strategy can be defined for a finite horizon, say annual or quarterly expiration, at which horizon the test of whether or not the attachment level is breached is accomplished. Finally, LongTail Alpha may use discretion to change both the cost of running the strategy, as well as attempting to add value. LongTail Alpha can use all asset classes and derivative securities in those asset classes. Typically a majority of the positions will be option-like positions that may consist of both exchange traded and over-the-counter options. While the strategy is designed to mitigate risk from severe but rare market events, there is no guarantee that the strategy will be able to deliver a particular result. The strategy inherently uses leverage, and an Investor and Client should generally expect that the option premium will decay to zero value within the hedging horizon.

LongTail Alpha’s “TwoTail Alpha” strategy seeks to benefit from extracting value from the tails of the probability distributions embedded in asset prices. The strategy invests in options, futures, swaps and other derivatives, in addition to a wide variety of cash securities across all asset classes. The strategy may

use a high amount of explicit and implicit leverage that can result in both large gains and losses. The strategy can also take limited amounts of directional market risk monitored under a risk management framework developed by LongTail Alpha. The strategy is neither purely macro, nor purely systematic. LongTail Alpha will attempt to use a combination of top down and bottom up analysis using both discretion and quantitative models to construct a portfolio that seeks to deliver modest positive returns in normal market situations and price appreciation during large moves in the underlying markets. While the investment approach attempts to benefit from relative mispricing across assets, term structures and volatility surfaces, there is no guarantee that either LongTail Alpha's discretion or the selection of investments and portfolio construction will result in positive returns.

The risk allocation and composition of the strategies will be determined by LongTail Alpha, in its sole discretion. The risk and capital allocations will be formally reassessed on a monthly basis and more frequently if LongTail Alpha believes market conditions require adjustments in its risk allocations and/or more active rebalancing of the portfolios.

For Clients invested in separate accounts, the separate account investment guidelines may apply. The Clients may make investments for speculative or hedging purposes in accordance with their respective investment objectives and guidelines.

Clients and Investors need to be aware that investing in securities involves risk of loss that Clients and Investors need to be prepared to bear.

RISK OF LOSS

Any investment or investment strategy involves some risk of loss that Clients and Investors should be prepared to bear. Examples of such risks are:

Unpredictability of Risk and Losses. LongTail Alpha expects assets held by the Clients and Funds to depreciate over time unless a tail event occurs. In addition, assets may depreciate upon or after the occurrence of a tail event. Ownership by the Clients and Funds of instruments designed to mitigate tail event risk involves a high degree of risk. With respect to securities or instruments the performance of which are related to the occurrence or non-occurrence of tail events ("tail event instruments"), the type, frequency and severity of the tail events are difficult to predict or model. Thus, the expected return on an instrument designed to appreciate on the occurrence of any such tail event is difficult to calculate. While LongTail Alpha will make assessments regarding the expected investment return on such tail event instruments, because of the unpredictability of the tail events upon which such investment return may be based, the investment return provided by such instruments may not be adequate to compensate for the risk borne thereby.

In addition, the performance of futures, options and other derivatives that LongTail Alpha expects to enter into may be related to a tail event. If a tail event occurs, Clients and Funds may lose any delivery of tail event instruments or other collateral pledged as security due to the potential systemic impact of the tail event. If LongTail Alpha's investment performance declines due to its use of futures, options or other derivatives, a Client's or Investor's investment would be adversely affected. LongTail Alpha risks the loss of all or a portion of the value of the tail event instruments it may purchase or the derivative contracts it may enter into, even if a period of severe market stress occurs during the term of such securities. Tail events are unpredictable; therefore, investments in instruments tied to the occurrence of a tail event are speculative.

Derivatives. Some of the instruments that LongTail Alpha will invest in on behalf of its Clients, such as swaps and forward contracts, are known as derivatives. Generally, derivatives are financial instruments or contractual arrangements whose economic results depend upon, or are derived by reference to, other

securities, commodities, or other assets or items, the relative values of two or more assets, certain economic or other activities (including credit), or other matters. Some derivatives are standardized securities or instruments, such as futures or options (and some swaps) traded on recognized exchanges. Others are individually negotiated, non-standardized contractual arrangements with one or more counterparties, such as most swaps, forwards, and contracts for differences. Terms, conditions, and characteristics of derivatives vary widely, and new structures and products are constantly developed. Such products are often very complex, involve significant leverage, are often dependent upon credit and other considerations affecting the ability or willingness of the counterparties with whom the Fund deals to perform as anticipated, and in general involve a high degree of risk (including the possibility of total loss). Moreover, certain derivative contracts, such as swaps and forward contracts are generally illiquid and difficult to value. The over-the-counter derivative markets are not generally regulated significantly by any U.S. or non-U.S. governmental or regulatory authorities. Participants in these markets are not required to make continuous markets in the contracts they trade.

Futures. Futures markets are highly volatile. Price movements of futures markets are influenced by such factors as: changing supply and demand relationships; weather; governmental actions and interventions and agricultural, trade, fiscal, monetary, and exchange control programs and policies; national and international political and economic events; and speculative frenzy and emotions of the marketplace. The profitability of an investment strategy run by LongTail Alpha will depend on the ability of LongTail Alpha to analyze correctly the futures markets as well as the securities markets.

Because of the low margin deposits normally required in futures trading, a high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to a Client or Investor. For example, if at the time of purchase 10% of the price of the futures contract is deposited as initial margin, a 10% decrease in the price of the futures contract would, if the contract is then closed out, result in a total loss of the margin deposit before any deduction for the brokerage commission. Thus, like other leveraged investments, any purchase or sale of a futures contract may result in losses that exceed the amount initially deposited as margin with respect to that contract. Futures interests may be illiquid.

Options. LongTail Alpha may engage in the trading of options, such as options on securities, futures contracts, and equity indices, both on and off exchanges, on behalf of its Clients and Funds. Such trading involves risks substantially similar to those involved in trading futures contracts or margined securities, in that options are speculative and highly leveraged. Specific market movements of the securities or commodity interests underlying an option cannot accurately be predicted. The purchaser of an option is subject to the risk of losing the entire purchase price of the option. The writer of an option is subject to the risk of loss resulting from the difference between the premium received for the option and the price of the item underlying the option, which the writer must purchase or deliver upon exercise of the option.

Swap Agreements and Contracts for Differences. Swap contracts are two-party contracts entered into primarily by institutional investors for periods ranging from a few weeks to a number of years. Under a typical swap, one party may agree to pay a fixed rate or a floating rate determined by reference to a specified instrument, rate, or index, multiplied in each case by a specified amount (“notional amount”), while the other party agrees to pay an amount equal to a different floating rate multiplied by the same notional amount. LongTail Alpha may enter into swaps for speculative or hedging purposes

Under current law, “swaps” (as defined in Section 1.3 of the Commodity Exchange Act (the “CEA”) and applicable regulations) are regulated by the U.S. Commodity Futures Trading Commission, while “security-based swaps” (as defined in Section 1.3 of the CEA and applicable regulations) are regulated by the SEC. “Swaps” include, but are not limited to, certain foreign exchange and currency swaps, forwards and options, interest rate swaps and options, commodity swaps, and swaps referencing broad-based

securities indices. “Security-based swaps” include, but are not limited to, swaps referencing single securities or narrow-based securities indices.

Swaps are either subject to a bilateral agreement with a counterparty or are cleared through a central clearing organization. To the extent LongTail Alpha invests in swaps, forwards, options and other “synthetic” or derivative instruments that are not cleared on a central exchange, counterparty exposures can develop and LongTail Alpha takes the risk of nonperformance by the other party on the contract. Swaps, forwards, futures, options and other “synthetic” or derivative instruments that are cleared by a central clearing organization, which generally are supported by guarantees of the clearing organization’s members, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries, are subject to different risks, including the creditworthiness of the central clearing organization and its members. The regulation of derivatives continues to evolve and regulatory developments in the future could restrict LongTail Alpha’s ability to engage in swap transactions or increase the cost or uncertainty involved in such transactions.

Equity Securities. It is expected that a significant portion of the investments owned by the Funds and Client accounts will consist of equities and equity derivatives. The value of these instruments generally will vary with the performance of the issuer and movements in the equity markets. As a result, the Funds and Client accounts may suffer losses if they invest in equity instruments of issuers whose performance diverges from expectations or if equity markets generally move in a single direction and the Funds or Client accounts are not hedged against such a general move. The price of equity securities and other instruments in which the Funds and Client accounts may invest may be affected by factors affecting securities markets generally, such as real or perceived adverse economic conditions, supply and demand for particular instruments, changes in the general outlook for corporate earnings, interest rates or adverse investor sentiment generally. Even non-directional trading strategies may be exposed to market risk with respect to individual investments or the portfolio as a whole. Failure of a marketplace to function properly for any reason, including outside events affecting the marketplace or market participants, may adversely affect the Funds and Client accounts. Investing in equity derivatives exposes the Funds and Clients to risks that issuers will not fulfill their contractual obligations, such as, for example, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

Debt Securities. A debt security, sometimes called a fixed income security, is a security consisting of a certificate or other evidence of a debt (secured or unsecured) on which the issuing entity or governmental body promises to pay the holder thereof a fixed, variable, or floating rate of interest for a specified length of time, and to repay the debt on the specified maturity date. Some debt securities, such as zero coupon bonds, do not make regular interest payments but are issued at a discount to their principal or maturity value. Debt securities include a variety of fixed income obligations, including, but not limited to, government securities, municipal securities, and mortgage-backed securities.

Debt securities are subject to a variety of risks, such as interest rate risk, income risk, call/prepayment risk, inflation risk, credit risk, country risk and currency risk. The reorganization of an issuer under the federal or other bankruptcy laws may result in the issuer’s debt securities being cancelled without repayment, repaid only in part, or repaid in part or in whole through an exchange thereof for any combination of cash, debt securities, convertible securities, equity securities, or other instruments or rights in respect of the same issuer or a related entity. Fixed income securities generally are not traded on exchanges. The over-the-counter market may be illiquid and there may be times when no counterparty is willing to purchase or sell certain securities. The nature of the market may make valuations difficult or unreliable.

Short Sales. LongTail Alpha may, for speculative or hedging purposes, sell securities and commodity interests short in anticipation of the realization of a gain in such underlying items should there be a decline in their market value. There can be no assurance that the underlying financial instrument or item necessary to cover a short position will be available for purchase by LongTail Alpha. In addition, purchasing securities or commodity interests to close out a short position can itself cause the price of the relevant item to rise further, thereby increasing the loss incurred by the applicable Client or Fund.

Hedging. LongTail Alpha may hedge some or all of the exposure of its Funds and Clients by taking long and short positions across a broad-range of securities and derivative instruments in the fixed income, currency, commodity, and equity asset classes. LongTail Alpha may also utilize both over-the-counter and exchange-traded instruments (including derivative instruments such as total return, interest rate, credit, swap, option, futures, and forward contracts), both for trading and risk management purposes. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the value of such position or prevent losses if the value of such position declines. Rather, it establishes other positions designed to gain from such decline, thus seeking to moderate the decline in the value of the position for which such hedge was acquired. Consequently, such hedging transactions also limit the opportunity for gain if the value of the hedged positions should increase.

In the event of a breakdown in the intended relationship between a position in a hedging instrument and the portfolio position or exposure that it is intended to moderate, the desired protection may not be achieved, and the applicable Fund or Client may be exposed to risk of loss. In fact, it is not possible to hedge fully or perfectly against any risk, and hedging entails its own costs. LongTail Alpha may determine, in its sole discretion, not to hedge against certain risks, and certain risks may exist that cannot be hedged. Furthermore, LongTail Alpha may not anticipate a particular risk or may hedge the wrong risk so as to make the hedge ineffective.

Development and Implementation of Trading Systems. The use of quantitative trading systems and trading strategies in trading activities involves special risks, both in the development of the trading systems and in their implementation. The accuracy of the trading signals produced by the trading systems is dependent on a number of factors, including, without limitation, the analytical and mathematical foundation of the trading systems, the accurate incorporation of such principles in a complex technical and coding environment, the quality of the data introduced into the trading systems and the successful deployment of the trading systems' output into the investment process.

Although LongTail Alpha intends to use good faith efforts to carry out the development and implementation of its quantitative trading systems correctly and effectively and will conduct initial live testing of newly developed quantitative trading systems and certain changes to existing trading systems in a proprietary incubation account before trading such systems or deploying such changes on behalf of Funds and Client accounts, there can be no assurance that it will successfully do so. Errors may occur in designing, writing, testing, monitoring and/or implementing such calculations and programs, including errors in the manner in which such calculations and programs function together. Such errors may result in, among other things, the execution of unanticipated trades, the failure to execute anticipated trades, the failure to properly gather and organize available data, and/or the failure to take certain hedging or risk reducing actions. These errors, including errors that appear in software codes from time to time, may be difficult to detect, may not be detected for long periods of time, or may never be detected. The degradation or impact caused by errors may be compounded over time. Such errors could, at any time, have a material adverse effect on the performance of the Funds or Client accounts.

LongTail Alpha has developed certain guidelines that seek to ensure that trading systems are appropriately developed, adapted, calibrated, and configured, and seeks to reduce the incidence of software errors by internal testing. Software development and implementation errors and other types of

trading system or human errors are an inherent risk of employing complex quantitatively-based trading systems in investment and trading processes. Trading systems may operate or be operated erroneously, and the interactions among trading systems may make it difficult to detect the source of any weakness or failure in such trading systems before material losses are incurred. For example, it may be difficult or impossible to distinguish unexpected trading results due to market activity from unexpected trading results due to an error in the applicable calculation or trading systems. The mathematical calculations and trading systems utilized by LongTail Alpha are subject to inherent limitations and, like all approaches to investing, are almost always susceptible to being improved upon as experience is gained, strategies are refined, and markets change.

Effectiveness of Trading Systems. The success of the Funds' and Clients' trading activities will depend on the effectiveness of LongTail Alpha's trading systems. There can be no assurance that the trading systems are currently effective or, if currently effective, that they will remain effective. Trading systems are generally back-tested, to the extent practicable, prior to implementation on the basis of historical data. Even if all of the assumptions underlying the trading systems were met exactly, the trading systems can only make a prediction, not afford certainty. Moreover, the effectiveness of such trading systems may diminish over time, including as a result of market changes and the changes in behavior of other market participants. There is no guarantee that such trading systems will continue to be effective in changing market conditions, and past performance is no indication of future performance or returns. Further, most statistical procedures cannot fully match the complexity of the financial markets and, as such, results of their application are uncertain.

Because the financial markets are constantly evolving, most trading systems eventually require replacement or enhancement. LongTail Alpha will conduct initial live testing of newly developed trading systems and certain changes to existing trading systems in a proprietary incubation account before trading such systems or deploying such changes. Nevertheless, there is no guarantee that any new trading system or changes to an existing trading system will be implemented on a timely basis or that it will be successful. The use of a trading system that is not effective or not completely effective could, at any time, have a material adverse effect on the performance of the Funds and Client accounts.

Frequent Trading Costs. The strategies used by LongTail Alpha may require frequent trading. Therefore, portfolio turnover and brokerage commissions and certain other expenses of the Funds and Client accounts may exceed those of other investment funds of comparable size and thus affect returns. Brokerage commissions, fees, taxes, and other transaction costs may be substantial, regardless of the performance of the Funds or Client accounts.

Disciplinary Information

LongTail Alpha has had no legal or disciplinary events arise in connection with the firm's provision of services to Clients or to Investors.

Other Financial Industry Activities and Affirmations

None of LongTail Alpha or its management persons is registered or has an application pending to register as a broker-dealer or a registered representative of a broker-dealer. LongTail Alpha intends to register as a commodity pool operator and a commodity trading advisor and have its management persons register as principals or as associated persons of LongTail Alpha prior to investing on behalf of the Funds.

LongTail Alpha does not recommend or select other investment advisers for Clients. However, LongTail Alpha may recommend that Clients invest in one or more of the Funds. As the sponsor/investment manager of the Funds, LongTail Alpha will receive management and performance fees or allocations from these Funds which creates a conflict of interest. All fees will be disclosed to the Clients in advance of their investment in a Fund.

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

CODE OF ETHICS

The following is a summary of our Code of Ethics (“Code”) adopted by LongTail Alpha in compliance with Rule 204A-1 of the Advisers Act. An existing or prospective Client or Investor may obtain a copy of the Code by contacting LongTail Alpha at (949) 258-9630, or contacting us via facsimile at (949) 715-1158 or via e-mail at vb@longtailalpha.com.

General Principles. The Code addresses, among other things, the following: (i) general principles that address LongTail Alpha’s fiduciary obligations to its Clients and the Funds; (ii) provisions requiring LongTail Alpha to provide all access persons with a copy of the current Code and any subsequent amendments, and all access persons to provide LongTail Alpha with a written acknowledgement of their receipt of the Code and any amendments thereto both upon employment with LongTail Alpha and on an annual basis thereafter; and (iii) provisions restricting the purchase and sale, by access persons for their own accounts, of securities that have been purchased or sold for Client accounts or Funds as described below.

The Code is based upon the principle that directors, officers and employees of LongTail Alpha have a fiduciary duty to place Client and Fund interests first and to conduct all personal securities transactions in a manner that does not interfere with Client or Fund transactions or otherwise take unfair advantage of the relationship of the director, officer or employee to Clients or the Funds. In addition, the personal securities transactions of personnel must be effected in such a way so as to avoid a conflict between the personal interests of LongTail Alpha personnel and the interests of LongTail Alpha’s Clients and the Funds.

Further, personnel must avoid actions or activities that allow such a person, or a member of his or her family, to profit or benefit from his or her position with LongTail Alpha, or otherwise call into question such person’s independent judgment.

Insider Trading Policy. LongTail Alpha may from time to time perform services for, or solicit business from, a variety of companies, including issuers of securities, that LongTail Alpha recommends for purchase or sale by, or in which LongTail Alpha effects transactions for the account of, Clients or Funds. In connection with providing these services, LongTail Alpha and its affiliated persons may come into possession from time to time of material nonpublic or other confidential information about any such company which, if disclosed, could affect an investor’s decision to buy, sell, or hold securities in such company. Under applicable law, LongTail Alpha and its affiliated persons may be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such other person is a Client or a Fund. Accordingly, should LongTail Alpha or any of its affiliated persons come into possession of material nonpublic or other confidential information with respect to any company, LongTail Alpha may be prohibited from communicating such information to Clients, and LongTail Alpha will have no responsibility or liability for failing to disclose such

information to Clients as a result of following its policies and procedures designed to comply with applicable law.

LongTail Alpha has adopted an “Insider Trading” policy in accordance with Advisers Act Section 204A, which prohibits the misuse of material nonpublic information by LongTail Alpha and all of its access persons. In addition, the Code contains restrictions on using inside information to engage in any personal transactions, to “tip” or to otherwise disclose any material nonpublic information. Any LongTail Alpha officer, director, employee or other access person who fails to observe the above-described policies risks serious sanctions, including, but not limited to, dismissal and personal liability.

Restrictions on Personal Securities Transactions. The Code requires access persons to provide certain reports, including initial and annual reports, listing all securities covered by the Code for which the access person had any direct or indirect beneficial ownership as well as lists of brokers, dealers and bank accounts in which the securities are held. Access persons must also pre-clear certain securities transactions.

Gifts and Entertainment. Access persons are prohibited from accepting personal gifts of more than a “de minimis” (\$100) fair market value from any person or entity (including Clients and vendors) that does business with, or on behalf of, LongTail Alpha.

Principle of Fair Allocation of Investment Opportunities. Portfolios for which LongTail Alpha acts as an advisor will be governed by the principle of fair allocation of investment opportunities. This will apply to all portfolios (Client accounts and Funds) advised by LongTail Alpha. Trades will be allocated on a basis believed to be fair and equitable; no participating Client account will receive preferential treatment over any other. The portfolio management team will take steps to ensure that no participating Client account will be systematically disadvantaged by the aggregation, placement, or allocation of trades. Transactions will be allocated promptly, usually on the trade date, and no reallocations are permitted from one account to another except where the original allocation was made in error. No allocations will be made to a personal account of the portfolio management team or any access person (as defined in LongTail Alpha’s Code).

In order to ensure fairness in the allocation of investment opportunities among the Client accounts it manages, LongTail Alpha will allocate investment opportunities with consideration to the prime determinants of market exposure, cash availability and sector exposure and with regard to the suitability of such investments for each Client account. In determining the suitability of each investment opportunity for a Client account, consideration will be given to a number of factors, the most important being the Client account’s investment objectives and strategies, existing portfolio composition and cash levels. Where an investment opportunity is suitable for two or more Client accounts, LongTail Alpha will allocate such investment opportunity equitably in order to ensure that Client accounts have equal access to similar quality and quantity of investment opportunities.

LongTail Alpha will adhere to the following principles in allocating investment opportunities among Clients:

- Investment instruments including derivative instruments will not necessarily be allocated pro rata, given that the Client accounts’ investment objectives and guidelines, cash levels and portfolio compositions may be different;
- In Client accounts having similar investment objectives and guidelines and portfolio composition and where investments are not allocated pro rata, the Client accounts will be managed over time with a goal of achieving “performance parity”; and

- Given different inception dates and historical cash flows, each Client account may hold the same position with a different cost base, or hold different positions.

Generally, a company issuing securities in an initial public offering (“IPO”) will have a limited operating history and thus IPO investments might be considered speculative. The principle of fair allocation of investment opportunities will be applied to IPOs, with special attention being given to the suitability of investments vis á vis the Client accounts’ and Funds’ investment objectives and guidelines.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Personal transactions in securities by officers and employees and certain consultants of LongTail Alpha who (i) have access to nonpublic information regarding the purchase or sale of securities on behalf of Clients or the Funds, (ii) are involved in making securities recommendations to Clients or the Funds or (iii) who have access to such non-public recommendations (“access persons”) are subject to the restrictions and procedures set forth in the Code with respect to participation or interest in client transactions and personal trading. All LongTail Alpha employees are currently identified as access persons under the Code and, thus, all personnel are subject to the Code’s restrictions and requirements.

LongTail Alpha is not obligated to refrain from investing in securities held in the Client accounts or in the Funds that it manages except to the extent that such investments violate the Code. Additionally, LongTail Alpha personnel may invest in the Funds which, in turn, may invest in securities in which LongTail Alpha invests on behalf of Client accounts. From time to time, employees and certain consultants of LongTail Alpha or its affiliates may have interests in securities owned by or recommended to Clients or the Funds. Our Code ensures that this conflict is addressed by employees placing the interests of Clients and Funds before their own interests. We ensure personal trades of our personnel do not impact trades for Clients and that our Clients receive preferential treatment.

LongTail Alpha and its affiliates, including its access persons, may invest for their own accounts and for the accounts of Clients in various instruments that are senior, *pari passu* or junior to, or have interests different from or adverse to, the instruments that are owned by the Funds or Client accounts.

Furthermore, LongTail Alpha and its affiliates may in the future serve as an investment adviser to other funds and client accounts and may make investment decisions for their own accounts and for the accounts of others, including other funds and client accounts that may be different from those that will be made by LongTail Alpha on behalf of the Funds and Client accounts. When making investment decisions where a conflict of interest may arise, LongTail Alpha will endeavor to act in a fair and equitable manner as between the Funds and other Clients. LongTail Alpha may at certain times (subject to applicable law) be simultaneously seeking to purchase investments from one Fund or Client account and to sell the same investment to another entity, including another Fund or Client accounts. In addition, LongTail Alpha and its affiliates may buy securities from or sell securities to its Clients or the Funds to the extent permitted by applicable law. These relationships may result in securities laws restrictions on transactions in these instruments by the Funds or Clients and otherwise create potential conflicts of interest for LongTail Alpha.

As the investment adviser, general partner or managing member of the Funds, LongTail Alpha or one or more of its affiliates may participate in investments made by LongTail Alpha, pro rata, through its investment in the Funds and receive a portion of the annual allocation of the net capital appreciation of amounts allocated to Investors. Principal executive officers and other personnel of LongTail Alpha may receive annual compensation and bonuses based, in part, on the performance of the Funds and are permitted to invest in the Funds directly.

Brokerage Practices

Generally, LongTail Alpha is engaged with respect to Client accounts on a discretionary basis and authorized to make the following determinations in accordance with each Client's specified investment objectives without consultation of or consent from the Client consultation:

- Which instruments, including foreign currencies (both spot and forward), to buy or sell;
- The total amount of instruments, including foreign currencies (both spot and forward), to buy or sell;
- The broker or dealer through which instruments, including foreign currencies (both spot and forward), are bought or sold;
- The commission rates at which transactions in instruments, including foreign currencies (both spot and forward), for Client accounts are effected; and
- The prices at which instruments, including foreign currencies (both spot and forward), are to be bought or sold, which may include dealer spreads or mark-ups and transaction costs.

As an investment advisory firm, LongTail Alpha has a fiduciary duty to seek best execution for Client and Fund transactions. While best execution is difficult to define and challenging to measure, there is some consensus that it does not solely mean the achievement of the best price on a given transaction. Rather, it appears to be a collective consideration of factors concerning the trade in question. Such factors include the security being traded, the price of the trade, the speed of the execution, apparent conditions in the market, and the specific needs of the Client or Fund. LongTail Alpha's primary objectives when placing orders for the purchase and sale of securities for Client accounts and Funds is to obtain the most favorable net results taking into account such factors as price, size of order, difficulty of execution, confidentiality and skill required of the broker. LongTail Alpha may not necessarily pay the lowest commission or commission equivalent as specific transactions may involve specialized services on the part of the broker.

At least semiannually, LongTail Alpha's Broker Allocation and Best Execution Committee will meet to review LongTail Alpha's trading practices, including the quality of executions received and commission rates paid by discretionary accounts, in order to determine what changes, if any, should be made in its brokerage arrangements. LongTail Alpha's goal in this process is to exercise reasonable, good faith judgment to select broker-dealers or other trading venues that will consistently provide quality execution at acceptable cost.

RESEARCH AND OTHER SOFT DOLLAR BENEFITS

LongTail Alpha does not currently take advantage of any soft dollar benefits. However, LongTail Alpha reserves the right, when appropriate under its discretionary authority and consistent with its duty to obtain best execution, to direct brokerage transactions for Client accounts to broker-dealers who provide LongTail Alpha with research and brokerage services pursuant to a "safe harbor" under Section 28(e) of the Securities Exchange Act of 1934, as amended ("1934 Act"), and related SEC interpretive materials. Section 28(e) permits LongTail Alpha, under certain circumstances, to cause Funds and Client accounts to pay brokers and dealers a commission for effecting portfolio transactions in excess of the commission another broker or dealer would have charged to effect such transactions.

Broker-dealers typically provide a bundle of services, including research and execution. The services provided can be either proprietary (created and provided by the broker-dealer, including tangible research

products as well as access to analysts and traders) or third-party (created by a third party but provided by the broker-dealer). LongTail Alpha may use soft dollars to acquire either type of service. It is not generally possible to place a dollar value on the special executions or on the research services LongTail Alpha receives from broker-dealers effecting transactions in portfolio securities. Accordingly, LongTail Alpha may pay broker-dealers commissions for effecting portfolio transactions in excess of amounts other broker-dealers would have charged for effecting similar transactions if LongTail Alpha determines in good faith that such amounts are reasonable in relation to the value of the brokerage and/or research services provided by those broker-dealers, viewed either in terms of a particular transaction or LongTail Alpha's overall duty to its discretionary accounts.

In determining whether a service or product qualifies as research or brokerage, LongTail Alpha must evaluate whether the service or product provides lawful and appropriate assistance to it in carrying out its investment decision-making responsibilities. Brokerage and research services that may be provided under Section 28(e) include: (1) furnishing advice as to the value of securities, the advisability of investing in, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities; (2) furnishing analyses and reports and sponsoring seminars or conferences concerning industries, issuers, securities, economic factors and trends, portfolio strategy, and the performance of accounts; and (3) effecting securities transactions and performing functions incidental thereto (such as clearance, settlement, and custody). Examples of services which LongTail Alpha may pay for with Client commissions include certain market publications and commentaries, research and data reports, economic forecasts, Bloomberg, Multex, and similar Section 28(e) permitted services.

The receipt of research in exchange for soft dollars benefits LongTail Alpha by allowing LongTail Alpha, at no cost to it, to supplement its own research and analysis activities. This creates a conflict of interest which LongTail Alpha recognizes. LongTail Alpha limits its use of soft dollars to only those services which are within the safe harbor. Moreover, any research services received by LongTail Alpha are in addition to, and not in lieu of, services required to be performed by LongTail Alpha under its investment management agreements.

However, LongTail Alpha may receive "mixed use" services, or those that can be used for both research and "non-research purposes," such as for firm administration or marketing. In such cases, LongTail Alpha may have a conflict of interest in allocating the costs of such services between those that primarily benefit LongTail Alpha and those that primarily benefit Funds or Clients and determining which portion may be paid for with soft dollars. LongTail Alpha makes a good faith allocation of the costs of such services used for non-research purposes and pays for such portion from its own funds.

As a general matter, brokerage and research services are used to service all of LongTail Alpha's discretionary accounts. However, each and every brokerage or research service may not be used for the benefit of each and every account managed by LongTail Alpha, and brokerage commissions paid by one account may be used to pay for brokerage and research services that may not be used to service that account. LongTail Alpha does not usually attempt to allocate the relative costs or benefits of research among Client accounts because it believes that, in the aggregate, the research it receives benefits Clients and assists LongTail Alpha in fulfilling its overall duty to its Clients.

LongTail Alpha will not enter into any agreement or understanding with any broker-dealer which would obligate LongTail Alpha to direct a specific amount of brokerage transactions or commissions in return for such services. However, certain broker-dealers may state in advance the amount of brokerage commissions they require for certain services and the applicable cash equivalent.

In appropriate circumstances, LongTail Alpha may accept advisory accounts with limited discretion or where investments or brokerage arrangements are Client directed pursuant to an agreement between

LongTail Alpha and the Client. LongTail Alpha requires that such Client-imposed limitations or directions be in writing and prefers that such arrangements be set forth in the Client's investment advisory agreement or other relevant documentation at account inception.

Services Provided by Prime Broker. LongTail Alpha may select one or more firms to serve as prime brokers to hold the funds and securities of, and execute transactions for, the Funds, consistent with best execution. In addition to custody and execution, prime brokers may provide other core functions (such as reporting, clearing, financing, securities lending, and client service) as well as value added items (such as capital introductions, advanced research and analytics and technology services) to the Funds.

LongTail Alpha may choose which broker it would like to effect particular transactions and, on occasion, the amount of commission the Funds will pay for such trade. LongTail Alpha may "trade away" for specific trades, executing trades through brokers other than the prime brokers in an effort to gain access to greater inventory or better price or execution. LongTail Alpha may use prime brokers that it believes will provide specific services to the Funds, allowing the Funds to operate effectively and efficiently by, for example, providing LongTail Alpha with electronic access to account information and trade confirmations, bulk mailing of statements to Investors and access to specialized customer service personnel.

BROKERAGE FOR CLIENT REFERRALS

LongTail Alpha's use of prime brokers with respect to the Funds may yield increased administrative ease and, therefore, increased profitability for LongTail Alpha. Prime brokers may also introduce investors to Funds. Because an increase in the size of the Funds would likely result in additional compensation to LongTail Alpha and the prime brokers, both LongTail Alpha and whatever prime broker it uses may benefit from the prime broker's introduction of investors to the Funds. Therefore, LongTail Alpha has an incentive to recommend prime brokers based on its interest in receiving investor referrals. LongTail Alpha reserves the right, in its sole discretion, to change a Fund's brokerage arrangements without notice to the relevant Investors.

Other broker-dealers may provide capital introduction services to LongTail Alpha with respect to the Funds on a no-reimbursement basis. Such firms generally do so in order to establish a relationship with LongTail Alpha which may assist the firm in obtaining future business. However, no promise of future brokerage direction or other business arrangements is made in connection with these services.

DIRECTED BROKERAGE

LongTail Alpha recommends that all Clients use a particular broker-dealer for execution and/or custodial services. The broker-dealer is recommended based on criteria such as, but not limited to, reasonableness of commissions charged to the Client, tools and services made available to the Client and LongTail Alpha, and convenience of access to account trading and reporting. The Client will provide authority to LongTail Alpha to direct all transactions through the specified broker-dealer in the investment advisory agreement.

In some circumstances, a Client may arrange to direct its securities transactions to a particular broker or dealer in exchange for various account services and may negotiate its brokerage commissions directly with the designated broker. By directing trades to a specific and exclusive brokerage firm, the account may not participate in potential savings on execution costs resulting from volume discounts that LongTail Alpha might otherwise be able to obtain for Clients which have not directed LongTail Alpha to send their trades to designated brokers. The brokerage commission rates charged to directed accounts may differ substantially from the rates charged to non-directed accounts.

LongTail Alpha generally will attempt to aggregate or “block” trades for Client accounts and Funds. By directing LongTail Alpha to use a designated broker, a Client account generally will be unable to participate in block trades. However, LongTail Alpha may, from time to time and at its discretion, execute a trade for a directed account as part of a “block” trade under either of the following circumstances:

1. the designated broker is the executing broker-dealer for an otherwise blocked trade; or
2. the executing broker-dealer for the block trade is willing to “step out” the directed account’s portion of the trade in a way that does not disadvantage other participating accounts and the designated broker is willing to accept a trade handled in such manner.

Except in the circumstances described above, LongTail Alpha may, and routinely does, execute trades for directed accounts after trades have been executed for non-directed accounts which may include the Funds. Under these circumstances, trades for a directed account may be subject to price movements, particularly if they are trading after large block trades, involve illiquid securities or occur in volatile markets, that may cause the directed account to receive a price/execution that is less favorable than that obtained for non-directed accounts, or, in the event of a significant price movement, a directed account may not trade at all.

Directed brokerage arrangements may also arise in connection with accounts that are introduced to LongTail Alpha by other investment advisers that have separately negotiated with certain designated brokers to provide brokerage and custody services to clients of such adviser. The designated brokerage arrangements negotiated by these advisers often subject their clients to additional charges such as trade away service fees if trades are not executed through the designated brokers. In order to attempt to minimize the total execution cost of trades for these accounts, LongTail Alpha anticipates that it will direct most, if not all, transactions for Client accounts that are subject to these designated brokerage arrangements to the designated brokers. Because they will be treated by LongTail Alpha as directed accounts, Clients who have negotiated these designated brokerage arrangements should understand that their accounts will be subject to all the constraints that generally affect directed accounts (e.g., relating to block trades and trade sequencing) discussed above.

In addition to trade away fees, Clients introduced to LongTail Alpha through these advisers may incur higher commission rates and minimum ticket charges to which other Clients and the Funds are not subject. Because these designated brokerage arrangements are established by other advisers, LongTail Alpha is not in a position to negotiate brokerage commissions or fees, or even to rely on compensation arrangements that LongTail Alpha itself previously may have negotiated with the designated broker that may be more favorable. As a result, Clients subject to these designated broker arrangements may receive higher commissions, greater spreads or less favorable net prices than might be the case if LongTail Alpha were able to negotiate commission rates or spreads freely.

Block Trading. LongTail Alpha may, in its discretion, “bunch” orders being placed for execution at the same time for the accounts of two or more Clients and/or Funds for which LongTail Alpha may receive a performance-based fee and/or in which LongTail Alpha’s affiliates and employees may have an ownership interest, where it believes such aggregation is appropriate and in the best interest of its Clients and/or Funds. This practice may enable LongTail Alpha to seek more favorable executions and net prices for the combined order. However, LongTail Alpha is not obligated to bunch or aggregate orders or to include any particular account in a bunched order if portfolio management decisions for different accounts are made separately or if LongTail Alpha determines that aggregating trades would be inconsistent with LongTail Alpha’s investment management duties or with any investment objectives, guidelines or restrictions applicable to a particular account.

The portfolio manager will bunch orders where appropriate for the participating Clients and Funds and consistent with LongTail Alpha’s duty to seek best execution. Prevailing trading activity frequently may

make it impossible to receive the same price or execution on the entire volume of securities purchased or sold. When LongTail Alpha cannot fill all orders at the same price, each Client account and any Fund that participates in the block order will receive the average price for that particular transaction. Thus, the effect of the aggregation may operate in some circumstances to a particular Client's disadvantage. Adjustments to the allocation may be made to avoid de minimis allocations to Client accounts or to avoid deviations from pre-determined holding limits established for any Client account or Fund.

Review of Accounts

Holdings across Client accounts will be continuously reviewed. An account-by account review will be conducted quarterly or more frequently as necessary to respond to significant changes in economic or market conditions or in a Client's financial circumstances or investment objectives and guidelines. Client accounts will be reviewed by the portfolio managers and personnel in the Marketing Department of LongTail Alpha.

We will distribute to each Investor, either directly or through our administrator, annual audited financial reports prepared by an independent certified public accountant and additional unaudited periodic reports of the value of an Investor's capital account and performance. Separate accounts Clients generally receive written quarterly and annual reports from the custodian.

Client Referrals and Other Compensation

We may compensate affiliated and unaffiliated third-parties who solicit prospective investors they believe would benefit from our investment advisory services. Any such arrangements with an unaffiliated third-party will comply with the Advisers Act, which requires, among other things, that Investors receive this brochure, we execute an agreement with the solicitor and that Investors receive a compensation disclosure statement detailing the amount we will pay the solicitor that referred such Investor.

For their services under these arrangements, each solicitor that introduces an Investor will receive a portion of the management fees and/or incentive fees we receive from the Funds. As a result, these solicitors have a substantial financial interest in selling interests or shares in the Funds to prospective investors. In each instance, a written agreement will exist between LongTail Alpha and the referral source.

Custody

LongTail Alpha will not have physical custody of Client funds or securities. A custodian retained by LongTail Alpha will have physical custody of such funds and will provide to Clients and to the Funds written statements no less than quarterly. LongTail Alpha encourages Clients to carefully review their account statements for any inaccuracies. Any discrepancies should be immediately brought to the firm's attention.

Investment Discretion

LongTail Alpha generally has discretion over the selection of securities and the amount of securities to be purchased or sold for a Client account. However, these purchases or sales may be subject to specified

investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by LongTail Alpha in writing.

Discretionary authority will only be provided upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of an investment advisory agreement containing all applicable limitations to such authority. All discretionary trades made by LongTail Alpha on behalf of a Client will be made in accordance with the Client's investment objectives and goals.

Voting Client Securities

LongTail Alpha has adopted policies, guidelines and procedures for voting Client securities pursuant to Rule 206(4)-6 of the Advisers Act. These policies, guidelines and procedures are summarized below.

GENERAL POLICY

LongTail Alpha believes that proxy voting rights are a valuable portfolio asset and an important part of our investment process, and LongTail Alpha will exercise its voting responsibilities solely with the goal of serving the best interests of its Clients as shareholders of a company. LongTail Alpha believes that the proxy voting process is a significant means of addressing crucial corporate governance issues and encouraging corporate actions that LongTail Alpha believes enhance shareholder value. In determining how to vote on any proposal, LongTail Alpha will consider the proposal's expected impact on shareholder value and will not consider any benefit to LongTail Alpha or any of its employees or affiliates.

PROXY VOTING GUIDELINES

LongTail Alpha's Proxy Committee has established a number of proxy voting guidelines on various issues of concern to investors. We will normally vote proxies in accordance with these guidelines unless we determine that it is in the best economic interests of the Clients to vote contrary to the guidelines. Our voting guidelines generally address issues related to boards of directors, auditors, equity based compensation plans, and shareholder rights.

CONFLICTS OF INTEREST

LongTail Alpha's Proxy Committee, in consultation with our legal and compliance departments, will monitor and resolve any potential conflicts of interest with respect to proxy voting. A conflict of interest might exist, for example, when an issuer who is soliciting proxy votes also has a client relationship with LongTail Alpha, when a Client is involved in a proxy contest (such as a corporate director), or when one of our employees has a personal interest in a proxy matter. When a conflict of interest arises, in order to ensure that proxies are voted solely in the best interests of the Clients, LongTail Alpha will vote in accordance with either its written guidelines or the recommendation of an independent third-party voting service. If LongTail Alpha believes that voting in accordance with the guidelines or the recommendation of the proxy voting service would not be in the collective best interests of LongTail Alpha Clients, the Management Committee of LongTail Alpha will determine how shares should be voted.

PROXY VOTING RECORD

Clients may receive a copy of LongTail Alpha's Proxy Voting Policies, Guidelines and Procedures, as well as information on how proxies were voted for a relevant Client account upon request by contacting LongTail Alpha at 949-258-9630, or contacting us by facsimile at (949) 715-1158 or via e-mail at vb@longtailalpha.com. LongTail Alpha will not disclose proxy votes for a Client account to a third party, unless specifically requested in writing by the relevant Client.

Financial Information

LongTail Alpha does not require or solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance. LongTail Alpha has discretionary authority over Client accounts and is not aware of any financial condition that will likely impair its ability to meet contractual commitments to Clients. If LongTail Alpha does become aware of any such financial condition, this brochure will be updated and Clients will be notified. LongTail Alpha has not been the subject of a bankruptcy petition.

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