

**ITEM 1
COVER PAGE**

PART 2A OF FORM ADV: FIRM BROCHURE

CLINTON RETAIL INVESTMENT MANAGEMENT LLC

January 2016

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This brochure (this "Brochure") provides information about the qualifications and business practices of Clinton Retail Investment Management LLC (the "Investment Adviser"). If you have any questions about the contents of this Brochure, please contact the Investment Adviser at (212) 825-0400 or info@clinton.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.

The Investment Adviser is registered as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about the Investment Adviser also is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2

MATERIAL CHANGES

This Brochure is our initial Form ADV Part 2A, which has been submitted with our application for registration with the SEC; therefore, there are no material changes to report. In the future, if our Brochure – when amended in conjunction with our annual update – contains material changes from our last annual update, we are required to identify and discuss those changes.

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ITEM 4

ADVISORY BUSINESS

A. General Description of Advisory Firm.

George E. Hall is the Chief Executive Officer and the President of the Investment Adviser and Mr. Hall ultimately holds 100% of the equity interest in the Investment Adviser. The Investment Adviser is a wholly-owned subsidiary of the Clinton Group, Inc. (the "Clinton Group"), which is also a registered investment adviser (CRD: 106253). The Investment Adviser's management and personnel are substantially the same as the Clinton Group.

B. Description of Advisory Services.

The Investment Adviser expects to serve as a sub-advisor on a discretionary basis to one open-end management investment companies registered under the Investment Company Act of 1940, as amended (the "Client"). The Investment Adviser does not currently advise any clients. The Investment Adviser will tailor its advisory services as described in the investment program of the Client's prospectus and statement of additional information ("SAI").

Please refer to Item 8 for a more detailed description of the Investment Adviser's investment strategies, as well as a summary of the securities and other instruments purchased by the Client under the management of the Investment Adviser.

This Brochure generally includes information about the Investment Adviser and its relationships with its Clients and affiliates. While much of this Brochure applies to all such Clients and affiliates, certain information included herein applies to specific Clients or affiliates only.

C. Availability of Customized Services for Individual Clients.

The Investment Adviser's investment decisions and advice with respect to the Client are subject to such Client's investment objectives and guidelines, as set forth in its prospectus and SAI.

D. Wrap Fee Programs.

The Investment Adviser does not participate in wrap fee programs.

E. Assets Under Management.

The Investment Adviser does not currently have any regulatory assets under management. The Investment Adviser will update this Brochure within 120 days of its SEC registration to include a figure of assets under management

ITEM 5
FEES AND COMPENSATION

A. Advisory Fees and Compensation.

The fees applicable to each Client are set forth in detail in each Client's offering documents. A brief summary of such fees is provided below.

Management Fees

The Investment Adviser does not currently receive management fees because it is not currently engaged in providing advisory services. The Investment Adviser expects to receive management fees pursuant to its status as a subadviser to its Client that range between 0 and 100 basis points of a Client's assets under management or the average daily net assets under management. Management fee compensation is payable quarterly in arrears.

B. Payment of Fees.

Fees and compensation paid to the Investment Adviser or its affiliates by its Client are generally paid by the primary investment adviser to the Client (the "Primary Adviser").

C. Additional Fees and Expenses.

We anticipate that each Client will pay all of its ordinary and extraordinary expenses as described in the Client's prospectus and SAI.

D. Prepayment of Fees.

Not applicable.

E. Additional Compensation and Conflicts of Interest.

Neither the Investment Adviser nor any of its supervised persons accepts compensation (*e.g.*, brokerage commissions) for the sale of securities or other investment products.

ITEM 6
PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

The Investment Adviser does not receive performance-based compensation from any clients.

ITEM 7
TYPES OF CLIENTS

The Investment Adviser will generally provide investment advice to open-end management investment companies registered under the Investment Company Act of 1940, as described above.

ITEM 8

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis and Investment Strategies.

The descriptions set forth in this Brochure of advisory services that the Investment Adviser will offer to Clients, and investment strategies pursued and investments the Investment Adviser will make on behalf of its Clients, should not be understood to limit in any way the Investment Adviser's investment activities. The Investment Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that the Investment Adviser considers appropriate, subject to each Client's investment objectives and guidelines. A more tailored description of the investment strategies and investments made on behalf of a particular Client is provided in each Client's prospectus and SAI. The investment strategies the Investment Adviser pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Client will be achieved.

The Investment Adviser's investment strategy generally focuses on investing in portfolios comprised of securities designated in a particular Client's investment guidelines (generally on a leveraged basis) in a manner that seeks to achieve consistent returns with low volatility through a highly systematic relative value approach without interest rate forecasting or speculation.

The Investment Adviser pursues a long/short equity strategy that contemplates buying certain equity and equity-related Financial Instruments (as defined below) long and selling other equity and equity-related Financial Instruments short. The Investment Adviser will attempt to purchase Financial Instruments that it believes are undervalued and sell short Financial Instruments that it believes to be overvalued.

In connection with the Investment Adviser's trading strategy, Clients may trade, buy, sell, and otherwise acquire, hold, dispose of, and deal, on margin or otherwise, in (i) U.S. and non-U.S. equity and equity-related securities (publicly-traded and privately offered, listed and unlisted), including, but not limited to, convertible debt securities, "new issues" and indices, (ii) listed and over-the-counter commodities, financial futures (including, without limitation, single stock and index futures) and forward contracts (including, without limitation, contracts for future delivery with respect to securities, commodities, currencies and other financial instruments), swap contracts (including asset swaps), currencies, and warrants, as well as listed and over-the-counter-options and other derivative instruments on all of the above securities and commodities, (iii) forward foreign currency contracts, options on foreign currencies, futures contracts on foreign currencies, and options on such futures contracts, and swaps, caps, collars and floors on foreign currencies and (iv) such other instruments, rights, and interests as determined by the Investment Adviser (all such securities and financial instruments referred to in (i), (ii), (iii), and (iv), "Financial Instruments"). The Investment Adviser uses an array of hedging strategies to seek to minimize exposures to interest rate and stock market risks. A Client may invest a portion of its assets in subsidiary entities formed to access tax treaty, limited liability or other benefits.

Risk associated with the investment strategies utilized by the Investment Adviser, as well as the actual investments themselves, are noted below. Some or all of these risks may be applicable to Clients depending upon their investment mandates and restrictions.

B. Risks Relating to Investment Strategies.

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the Clients advised by the Investment Adviser. These risk factors include only those risks the Investment Adviser believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by the Investment Adviser. For a complete explanation of all relevant investment strategies and their associated risks, investors in the Investment Adviser's Funds should also review each applicable Client's prospectus and SAI, which may contain explanations of additional strategies and corresponding risks not discussed below.

No Material Limitation on Strategies. Clients will opportunistically implement whatever strategies or discretionary approaches the Investment Adviser believes from time to time may be suited to prevailing market conditions within such Client's investment mandate. The risks associated with such strategies may be different than those described herein. There can be no assurance that the Investment Adviser will be successful in applying any such strategy or discretionary approach and that losses will be avoided.

Leverage. The Investment Adviser may use substantial leverage in pursuing a Client's investment objective. In order to achieve the requested levels of leverage a Client may borrow funds directly, and may employ other forms of leverage, including, without limitation, by selling securities short and using options, commodity interests, repurchase agreements, forwards, swaps and other derivative instruments.

While leverage presents opportunities for increasing a Client's total return, it also has the effect of magnifying the volatility of changes in the value of the investments of such Client. Accordingly, any event which adversely affects the value of an investment by a Client would be magnified to the extent such Client is leveraged. The cumulative effect of the use of leverage by a Client in a market that moves adversely to such Client's investments could result in a substantial loss to such Client, which loss would be greater than if such Client were not leveraged or leveraged to a lesser extent. The amount of borrowings a Client may have outstanding at any time may be large in relation to its capital. Consequently, the level of interest rates, generally, and the rates at which a Client can borrow, in particular, will affect the operating results of such Client. In general, a Client's use of margin borrowings results in certain additional risks to such Client. For example, should the securities pledged to brokers and other counterparties to secure a Client's margin accounts decline in value, such Client could be subject to a "margin call" pursuant to which such Client must 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 the value of a Client's assets, such Client might not be able to liquidate assets quickly enough to pay off its margin debt or may be required to dispose of such securities at depressed prices.

A Client's use of leverage may be subject to regulatory restrictions.

Global Investments. The Investment Adviser may cause a Client to invest all or a portion of its portfolio in Financial Instruments of issuers located outside the United

States. In addition to business uncertainties, such investments may be affected by political, social and economic uncertainty affecting a country or region. Many financial markets are not as developed or as efficient as those in the United States, and as a result, liquidity may be reduced and price volatility may be higher. The legal and regulatory environment may also be different, particularly as to bankruptcy and reorganization. Financial accounting standards and practices may differ, and there may be less publicly available information in respect of such non-U.S. issuers.

Furthermore, some of the Financial Instruments may be subject to brokerage taxes levied by governments, which has the effect of increasing the cost of such investment and reducing the realized gain or increasing the realized loss on such securities at the time of sale. Income received by a Client from sources within some countries may be reduced by withholding and other taxes imposed by such countries. Any such taxes paid by a Client will reduce their net income or return from such investments.

In addition, all or a portion of such investment may take place in emerging markets. Investing in emerging markets involves additional risks and special considerations not typically associated with investing in other more established economies or markets. Such risks may include (i) increased risk of nationalization or expropriation of assets or confiscatory taxation; (ii) greater social, economic and political uncertainty, including war; (iii) higher dependence on exports and the corresponding importance of international trade; (iv) greater volatility, less liquidity and smaller capitalization of markets; (v) greater volatility in currency exchange rates; (vi) greater risk of inflation; (vii) greater controls on foreign investment and limitations on realization of investments, repatriation of invested capital and on the ability to exchange local currencies for U.S. dollars; (viii) increased likelihood of governmental involvement in and control over the economy; (ix) governmental decisions to cease support of economic reform programs or to impose centrally planned economies; (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (xi) less extensive regulation of the markets; (xii) longer settlement periods for transactions and less reliable clearance and custody arrangements; (xiii) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; and (xiv) certain considerations regarding the maintenance of a Client's Financial Instruments with non-U.S. brokers and securities depositories.

Market Neutral and Hedged Strategies. Although the Investment Adviser may cause a Client may invest in positions that are intended to be market neutral, it may be unable to, or decide not to, hedge its positions, and, in such event, such Client might sustain a significant risk of loss as a result of changes in the price of unhedged positions. In addition, there is no guarantee that the returns of a Client will have a low correlation or be non-correlated with market indices and such Client could experience significant losses. This may be particularly true during periods of high market volatility resulting from global events such as political upheavals, terrorist attacks, war or government intervention in currency markets.

The Investment Adviser may also cause a Client to utilize Financial Instruments such as commodity interests, forward contracts and interest rate swaps, caps and floors both for investment purposes and to seek to hedge against fluctuations in the relative values of such Client's portfolio positions. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed

to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedge transactions also limit the opportunity for gain if the value of the portfolio positions should increase. Moreover, it may not be possible for Clients to enter into a hedging transaction at an acceptable price or at a price sufficient to protect such Client from the anticipated decline in value of the portfolio position.

Systems Risks. Each Client depends on the Investment Adviser to develop and implement appropriate systems for such Client's activities. With respect to some Clients, the Investment Adviser may rely extensively on computer programs and systems to trade, clear and settle transactions, to evaluate certain securities based on real-time trading information, to monitor their portfolios and net capital, and to generate risk management and other reports that are critical to the oversight of such Client's activities. In addition, with respect to a certain Client's operations, the Investment Adviser may interface with or depend on systems operated by third parties, including prime brokers and market counterparties and their sub-custodians and other service providers, and the Investment Adviser may not be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures or interruptions, including, but not limited to, those caused by computer "worms," viruses and power failures. Any such defect or failure could have a material adverse effect on a Client. For example, such failures could cause settlement of trades to fail, lead to inaccurate accounting, recording or processing of trades, and cause inaccurate reports, which may affect the Investment Adviser's ability to monitor a Client's investment portfolios and their risks.

Quantitative Strategies. The success of the Investment Adviser's quantitative investment strategy is heavily dependent on the mathematical models used by the Investment Adviser in attempting to exploit short-term and long-term relationships among stock prices and volatility. The Investment Adviser may select models that are not well-suited to prevailing market conditions. Models that have been formulated on the basis of past market data may not be predictive of future price movements. Models may not be reliable if unusual events specific to particular corporations, or major events external to the operations of markets, cause extreme market moves that are inconsistent with the historic correlation and volatility structure of the market. Models also may have hidden biases or exposure to broad structural or sentiment shifts. Furthermore, the effectiveness of such models tends to deteriorate over time as more traders seek to exploit the same market inefficiencies through the use of similar models.

Portfolio Turnover. The use of certain Investment Strategies may generate increased portfolio turnover. A high turnover rate will result in increased brokerage commissions and may generate taxable capital gains.

Spread and Arbitrage Trading. A significant part of the Investment Adviser's investment operations on behalf of a Client may involve spread positions between two or more Financial Instrument positions. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. Such positions, however, do entail a substantial risk that the price differential could change unfavorably causing a loss to the spread position. The Investment Adviser's trading operations on behalf of a Client also may involve arbitrage between a Financial Instrument and its announced buy-out price (or other forms of "risk arbitrage"), or between or among two or more Financial Instruments (*e.g.*, by means of "statistical arbitrage," which depends heavily on the ability of market prices to return to a historical or predicted normal). This means, for example, that a

Client may purchase (or sell) Financial Instruments (*i.e.*, on a current basis) and take offsetting positions in the same or related Financial Instruments. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. These offsetting positions entail substantial risk that the price differential could change unfavorably causing a loss to the position.

Concentration of Investments. Depending on a Client's investment mandate, it may not be subject to any concentration limits or diversification guidelines or limited in the leverage it may incur, the geographic regions it may invest in or the exposure it may have to certain currencies. The Investment Adviser may pursue particular Investment Strategies opportunistically as opposed to achieving diversification through concurrent investments through different Investment Strategies (although, the Investment Adviser may also choose to do so). At any one time, 100% of the assets of a Client may be invested pursuant to a sole Investment Strategy. Further, the Investment Adviser intends on utilizing other Investment Strategies than those described herein when it deems that the pursuit of such Investment Strategies would be beneficial to a Client. Such concentration may expose a Client to losses disproportionate to those incurred by the market in general if the areas in which a Client's investments are concentrated are disproportionately adversely affected by price movements.

Short Sales. A short sale involves the sale of a Financial Instrument a Client does not own in the expectation of purchasing the same Financial Instrument (or a Financial Instrument exchangeable therefor) at a later date at a lower price. To make delivery to the buyer, a Client often must borrow the Financial Instrument, and such Client is obligated to return the Financial Instrument to the lender, which is accomplished by a later purchase of the Financial Instrument by such Client. When a Client makes a short sale of a security on a U.S. exchange, it must leave the proceeds thereof with the broker and it must also deposit with the broker an amount of cash or U.S. Government or other securities sufficient under current margin regulations to collateralize its obligation to replace the borrowed securities that have been sold. If short sales are effected on a foreign exchange, such transactions will be governed by local law. A short sale involves the risk of unlimited loss since unlimited increase in the market price of the Financial Instrument can theoretically occur.

Inside Information. From time to time the Investment Adviser or its affiliates may be in possession of material, non-public information concerning the issuer of Financial Instruments in which a Client has invested, or in which it intends to invest. The possession of such information may limit the ability of such Client to buy or sell such Financial Instruments. Accordingly, such Client may be required to refrain from buying or selling such Financial Instruments at times when the Investment Adviser might otherwise wish such Client to buy or sell such Financial Instruments.

Investments in Distressed Securities. The Investment Adviser may direct a Client to invest in "below investment grade" securities and obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. These securities are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments,

lender liability and the bankruptcy court's power to disallow, reduce, subordinate or disenfranchise particular claims. Such companies' securities may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. In addition, there is no minimum credit standard that is a prerequisite to a Client's investment in any instrument, and a significant portion of the obligations and securities in which the Investment Adviser directs a Client to invest may be less than investment grade. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that the Investment Adviser will correctly evaluate the value of the assets collateralizing a Client's loans or the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which a Client invests, such Client may lose its entire investment, may be required to accept cash or securities with a value less than such Client's original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from a Client's investments may not compensate the investors adequately for the risks assumed.

In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security the value of which will be less than the purchase price to a Client of the security in respect to which such distribution was made.

In certain transactions, a Client may not be "hedged" against market fluctuations, or, in liquidation situations, the Investment Adviser may not accurately value the assets of the Client being liquidated. This can result in losses, even if the proposed transaction is consummated.

Small and Medium Capitalization Companies. While the Investment Adviser believes Financial Instruments of companies with small and medium capitalizations often provide significant potential for appreciation, the Financial Instruments of certain companies, particularly smaller capitalization companies, involve higher risks than is typically associated with equity investments in larger, more established issuers. Historically, stocks of small and medium capitalization companies and recently organized companies have been more volatile in price than those of the larger market capitalization companies. Among the reasons for greater price volatility of the stocks of these small and medium sized companies and unseasoned companies are less than certain growth prospects of small and medium sized firms and the lower degree of liquidity in the markets for such stocks. Further, small and medium sized companies and unseasoned companies may have limited product lines, markets or financial resources, and they may depend upon a limited or less experienced management group. The Financial Instruments of smaller capitalization companies may be traded only on the over-the-counter markets or on a regional securities exchange and may not be traded daily or in the volume typical of trading on a national securities exchange.

C. Risks Associated With Particular Types of Securities.

Equity Securities. The Investment Adviser may direct a Client to invest in equity securities and equity derivatives. The value of these securities generally will vary with

the performance of the issuer and movements in the equity markets. As a result, a Client may suffer losses if it invests in equity instruments of issuers whose performance diverges from the Investment Adviser's expectations or if equity markets generally move in a single direction and a Client has not hedged against such a general move. A Client also may 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 restricted securities for public resale.

Investments in Undervalued Equity and Equity-Related Securities. The Investment Adviser may cause a Client to invest in undervalued equity and equity-related securities. The identification of investment opportunities in undervalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from a Client's investments may not adequately compensate for the business and financial risks assumed. A Client may take certain speculative investments in securities which the Investment Adviser believes to be undervalued; however, there are no assurances that the securities purchased will in fact be undervalued. In addition, a Client may be required to hold such securities for a substantial period of time before realizing their anticipated value. During this period, a portion of a Client's assets may be committed to the securities purchased, thus possibly preventing such Client from investing in other opportunities. In addition, a Client may finance such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period. If the Investment Adviser takes long positions in stocks that decline and short positions in stocks that increase in value, then the losses of a Client may exceed those of other portfolios that hold long positions only.

Derivative Instruments. The Investment Adviser may direct a Client to use various derivative instruments, including futures, options, forward contracts, swaps and other derivatives which may be volatile and speculative. Certain positions may be subject to wide and sudden fluctuations in market-value, with a resulting fluctuation in the amount of profits and losses. Use of derivative instruments presents various risks, including the following:

(i) *Tracking* – When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent a Client from achieving the intended hedging effect or expose such Client to the risk of loss.

(ii) *Liquidity* – Derivative instruments, especially when traded in large amounts, may not be liquid in all circumstances, so that in volatile markets a Client may not be able to close out a position without incurring a loss.

(iii) *Leverage* – Trading in derivative instruments can result in large amounts of leverage. Thus, the leverage offered by trading in derivative instruments may magnify the gains and losses experienced by a Client and could cause its net asset value to be subject to wider fluctuations than would be the case if a Client did not use the leverage feature in derivative instruments. See "Leverage."

(iv) *Regulatory and Tax* – The regulatory and tax environment globally for derivative instruments in which a Client may participate is evolving, and changes in the regulation or taxation of such investments may materially adversely affect the value of such investments and the ability of a Client to pursue its investment strategies.

Newly-Issued Securities. The purchase of newly issued securities involves greater risk than securities trading in general. A "new issue" is any initial public offering of an equity security. While most people assume that newly issued securities will continue to trade at a premium until they are liquidated, there is no guarantee that this will occur. The prices of newly issued securities may not increase as expected and, in fact, may decline more rapidly.

Commodities and Futures Trading. Substantially all trading in commodities and futures has as its basis a contract to purchase or sell a specified quantity of a particular asset for delivery at a specified time, although certain Financial Instruments, such as market index futures contracts, may be settled only in cash based on the value of the underlying composite index. Futures trading involves trading in contracts for future delivery of standardized, rather than specific, lots of particular assets.

(i) *Volatility:* Futures prices are highly volatile. Price movements for the futures contracts which a Client may trade are influenced by, among other things, changing supply and demand relationships, government, trade, fiscal, and domestic and international political and economic events, and changes in interest rates. Governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly.

(ii) *Position Limits:* The U.S. Commodities Futures Trading Commission ("CFTC") has jurisdiction to establish, or cause exchanges to establish, position limits with respect to all commodities traded on exchanges located in the U.S. and may do so, and any exchange may impose limits on positions on that exchange. No such limits presently exist in the forward contract market or on certain non-U.S. exchanges. Insofar as such limits do exist, all commodity accounts (including a Client's accounts) owned, held, controlled or managed by the Investment Adviser and its affiliates may be combined (that is, aggregated) for position limit purposes.

(iii) *Price Limits:* U.S. commodity exchanges may limit fluctuations in futures contracts prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." In addition, even if futures prices have not moved the daily limit, the Investment Adviser may not be able to execute futures trades at favorable prices if little trading in such contracts is taking place (a "thin" market).

(iv) *Margin:* Futures are typically traded on "margin." The "margin" is the amount of escrow or performance bond deposit that a Client will have to make and maintain with its futures commission merchants (futures brokers) to secure its future obligation to close out open positions. The initial margin requirements may be satisfied by the deposit of cash (or, in

some U.S. markets, certain U.S. Government obligations). The open positions must be "marked to market" daily, requiring additional margin deposits if the position reflects a loss that reduces a Client's equity below the level required to be maintained and permitting release of a portion of the deposit if the position reflects a gain that results in excess margin equity. The level of margin that must be maintained for a given position is sometimes subject to increase, requiring additional cash outlays. In the futures markets, margin deposits are typically low relative to the value of the futures contracts purchased or sold. Such low margin deposits are indicative of the fact that any futures contract trading typically is accompanied by a high degree of leverage. Because margin requirements normally range upward from as little as 2% or less of the total value of the contract, a comparatively small commitment of cash or its equivalent may permit trading in futures contracts of substantially great value. As a result, price fluctuations may result in a contract profit or loss that is disproportionate to the amount of funds deposited as margin. Such a profit or loss may materialize suddenly, since the prices of futures frequently fluctuate rapidly and over wide ranges, reflecting both supply and demand changes and changes in market sentiment.

(v) *Size of Client's Positions:* Depending upon the size of a Client's positions, it may be difficult or impossible for the Investment Adviser to take or liquidate a position in a particular commodity, method or strategy at the then market price due to the size of the accounts which may be managed by the Investment Adviser.

Trading in Options and Swap Agreements. A Client may trade in options, including instruments that have option-like features (*e.g.*, convertible debt) and swap agreements; in addition, a Client may enter into swaps or other derivative transactions to synthetically expose such Client to the profits and losses of such Client on a leveraged basis. The prices of all derivative instruments, including options, are highly volatile. Payments made pursuant to swap agreements also may be highly volatile. Price movements of options contracts and payments pursuant to swap agreements are influenced by, among other things, interest 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. The value of options and swap agreements also depends upon the price of the debt securities or commodities underlying them. In addition, a Client is subject to the risk of the failure of any of the exchanges on which it trades or of their clearinghouses.

Options may be cash settled, settled by physical delivery or by entering into a closing purchase transaction. In entering into a closing purchase transaction a Client may be subject to the risk of loss to the extent that the premium paid for entering into such closing purchase transaction exceeds the premium received when the option was written.

Swaps and certain options and other custom instruments are subject to the risk of non-performance by the swap counterparty, including the risks relating to the financial soundness and creditworthiness of the swap counterparty. The Investment Adviser does not have any fixed credit-rating requirements for the counterparties with which Clients may engage in swaps.

Over-the-Counter-Trading. Financial Instruments that may be purchased or sold by a Client may include instruments not traded on an exchange, including, but not limited to, swap transactions, and forward foreign currency transactions. Over-the-counter options, unlike exchanged-traded options, are two-party contracts with price and other terms negotiated by the buyer and seller. The risk of nonperformance by the obligor on such an instrument may be greater and the ease with which a Client can dispose of or enter into closing transactions with respect to such an instrument may be less than in the case of an exchange-traded instrument. In addition, significant disparities may exist between "bid" and "ask" prices for Financial Instruments that are not traded on an exchange. Financial Instruments not traded on exchanges are also not subject to the same type of government regulation as exchange traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with such transactions.

To the extent that a Client engages in these transactions, such Client must rely on the creditworthiness of its counterparty. In certain instances, counterparty or credit risk is affected by the lack of a central clearinghouse for foreign exchange trades. To reduce their credit risk exposure, a Client may trade in the forward foreign currency market through money center banks and leading brokerage firms.

Central Clearing. In order to mitigate counterparty risk and systemic risk in general, various regulatory and legislative initiatives are underway to require certain over-the-counter derivatives to be cleared through a clearinghouse. In the United States, clearing requirements were part of the Dodd-Frank Act. The CFTC imposed its first clearing mandate on December 13, 2012 affecting certain interest rate and credit default swaps. It is expected that the CFTC and the SEC will introduce clearing requirements for other derivatives in the future. While such clearing requirements may be beneficial for a Client in many respects (for instance, they may reduce the counterparty risk to the dealers to which a Client would be exposed under non-cleared derivatives), a Client could be exposed to new risks such as the risk that the majority of such derivatives may be required to be standardized and/or cleared through a clearinghouse, as a result of which the Client may not be able to hedge its risks or express an investment view as well as it would using customizable derivatives available in the over-the-counter markets. Also, each clearinghouse only covers a limited range of products and a Client may have to spread its derivative portfolio across multiple clearinghouses, which in turn reduces the benefits of netting that derivatives users rely on to mitigate counterparty risk.

Another risk is that a Client will likely be subject to more onerous and more frequent (daily or even intraday) margin calls from both the clearinghouse and the dealer through which the Investment Adviser causes a Client to access the clearinghouse, which may force the Client to use temporary credit facilities of the dealer on behalf of the Client to meet margin calls related to cleared trades and increase the costs of cleared trades to the Client. Clearinghouses also limit collateral that they will accept to cash, U.S. treasuries and, in some cases, other highly rated sovereign and private debt instruments, which may require the Investment Adviser to cause a Client to borrow eligible securities from a dealer to meet margin calls and raise the costs of cleared trades to the Client. In addition, clearinghouses generally do not allow a Client to portfolio-margin its positions, which may cause an increase in the costs to the Client. Further, clearinghouses are encouraged to model risks and implement margin requirements in typical market environments. Many of the risk models, however, are subject to change at any time and, therefore, a Client may be subject to an

unexpected increase in collateral obligations by clearinghouses during a volatile market environment, which could have a detrimental effect on the Client.

Derivatives clearing may also lead to concentration of counterparty risk, namely in the clearinghouse or any counterparty the Investment Adviser causes a Client to utilize as a clearing agent or broker, subjecting the Client to the risk that the assets of the clearing entity are insufficient to satisfy all of the clearing entity's payment obligations, leading to a payment default. The failure of a clearinghouse could have a significant impact on the financial system. Even if a clearinghouse does not fail, large losses could force significant capital calls on member firms during a financial crisis, which could lead member firms to default and thus worsen the crisis. Because these potential clearinghouses are still in the approval stage and are still being analyzed for bankruptcy risk, it is difficult to speculate what the actual risks would be to a Client related to the default of a clearinghouse. There is no one international standard for clearinghouses; existing clearinghouses both domestically and internationally have different waterfalls that apply upon the insolvency of a clearinghouse or a clearinghouse member and it is possible that a Client could be in a worse position if a clearinghouse were to fail than a traditional derivative counterparty. Also, a clearinghouse will likely require that a Client relinquish control of its transactions if the clearinghouse were to become insolvent, and, therefore, the Investment Adviser would not be able to cause a Client to terminate and close out of a defaulting clearinghouse's positions, but would become subject to regulators' control over those positions. In such a circumstance, the Investment Adviser may not be able to take actions that it deems appropriate to lessen the impact of such clearinghouse default.

Applicable regulations may also require the Investment Adviser to make public information regarding a Client's swaps volume, position size and/or trades, which could detrimentally impact such Client's ability to achieve its investment objectives.

Securities Futures Contracts. Securities futures contracts include both futures contracts on single stocks and futures contracts on narrow-based securities indices. They are treated as both futures and securities and, therefore, are subject to the joint jurisdiction of the SEC and the CFTC. Securities futures contracts are subject to the same risks as other securities, as well as to the greater volatility and risks of futures trading. Since they are new products, securities futures contracts have relatively low liquidity and no trading history.

Forward Trading. Forward contracts and options thereon, unlike commodity interest 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 that deal in the forward markets are not required to continue to make markets in the 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 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.

Trading in Currencies. A Client investing in currencies is exposed in the interbank market to risks associated with any government or market action that might

suspend or restrict trading or otherwise render illiquid, in whole or in part, the Client's position. A Client may trade currencies and Financial Instruments only in interbank and forward contract markets which the Investment Adviser believes to be well-established and of recognized standing, and the Investment Adviser effects such trades only with banks, brokers, dealers, financial institutions and other market participants which the Investment Adviser believes to be creditworthy.

Forward Contracts and Currency Transactions. The Investment Adviser may direct a Client to deal in forward foreign exchange contracts between currencies of the different countries and multi-national currency units and options on currencies and on currency futures contracts for hedging or speculation. With respect to forward currency contracts, this is accomplished through contractual agreements generally to purchase or sell one specified currency for another currency at a specified future date and price determined at the inception of the contract.

A Client may enter into forward contracts or over-the-counter options which are not traded on exchanges and are generally not regulated. When a Client enters into such contracts, they rely on the counterparty to make or take delivery of the underlying currency at the maturity of the contract. There is no limitation on the daily price moves of forward contracts or over-the-counter options, and a dealer is not required to continue to make markets in such contracts. Additionally, banks and other dealers with whom a Client may maintain accounts may require such Client to deposit margin with respect to such trading. A Client's counterparties are not required to continue to make markets in such contracts. There have been periods during which over-the-counter option and forward contract dealers have refused to quote prices for these contracts or have quoted prices with an unusually wide spreads (the difference between the price at which the counterparty is prepared to buy and at which it is prepared to sell). A counterparty may refuse to quote prices for these contracts at any time. A Client, in trading over-the-counter option and forward contracts, will be subject to the risk of credit failure or the inability or refusal of a dealer to perform with respect to its contracts. Failure by the counterparty to do so would result in the loss of any expected benefit of the transaction. Arrangements to trade forward contracts may be made with only one or a few counterparties, and liquidity problems therefore might be greater than if such arrangements were made with numerous counterparties. The imposition of credit controls by governmental authorities might limit forward trading to less than that which would otherwise be optimal, to the possible detriment of a Client.

The use of this strategy involves additional special risks, including (i) a dependence on the Investment Adviser's ability to predict movements in the prices of securities being hedged and movements in interest rates and currency markets, (ii) imperfect correlation between the hedging instruments and the securities or currencies being hedged, (iii) the possible absence of a liquid secondary market for any particular instrument at any particular time, (iv) possible impediments to effective portfolio management or the ability to meet short-term obligations because of the percentage of a Client's assets segregated to cover their obligations, and (v) the possible need to defer closing out hedged positions to avoid adverse tax consequences.

Foreign Currency Swaps. The Investment Adviser may direct a Client to invest in foreign currency swaps. Foreign currency swaps involve the exchange by a Client with a counterparty of the right to receive a notional amount of one currency (e.g., the currency in which a portfolio security is denominated) for the right to receive dollars or

another currency in the same notional amount. The amounts of dollar payments to be received by a Client and the foreign currency payments to be received by the counterparty generally are fixed at the time the swap is entered into. If there is a default by the counterparty, a Client will have contractual remedies pursuant to the swap. However, the value of a Client's right to foreign currency payments under the portfolio security will be subject to fluctuations in the applicable exchange rate to the extent that a replacement swap arrangement is unavailable or a Client is unable to recover damages from the defaulting counterparty.

Currency Options. Like the writing of other kinds of options, the writing of an option on a currency constitutes only a partial hedge, up to the amount of the premium received; a Client could also be required, with respect to any option it has written, to purchase or sell currencies at disadvantageous exchange rates, thereby incurring losses. The purchase of an option on a currency may constitute an effective hedge against fluctuation in exchange rate, although in the event of rate movements adverse to a Client's position, such Client could forfeit the entire amount of the premium plus related transaction costs.

Purchases of Securities and other Obligations of Financially Distressed Companies. The Investment Adviser may direct a Client to purchase securities and other obligations of companies that are experiencing significant financial or business distress, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Although such purchases may result in significant returns to such Client, they involve a substantial degree of risk and may not show any returns for a considerable period of time. In fact, many of these securities and investments ordinarily cannot be realized unless and until the company reorganizes and/or emerges from bankruptcy proceedings, and as a result may have to be held for an extended period of time. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial distress is unusually high. There is no assurance that the Investment Adviser will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which a Client invests, such Client may lose its entire investment or may be required to accept cash or securities with a value less than its original investment.

Volatility Risk. The Investment Adviser may direct a Client to be involved in the purchase and sale of relatively volatile Financial Instruments such as derivatives, which are frequently valued based on implied volatilities of such derivatives compared to the historical volatility of underlying Financial Instruments. Fluctuations or prolonged changes in the volatility of such instruments, therefore, can adversely affect the value of investments held by a Client. In addition, many non-U.S. financial markets are not as developed or as efficient as those in the U.S., and as a result, price volatility may be higher for such Client's investments.

ITEM 9
DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to a Client's or prospective Client's evaluation of the Investment Adviser's advisory business or the integrity of the Investment Adviser's management.

A. Criminal or Civil Proceedings.

None to report.

B. Administrative Proceedings Before Regulatory Authorities.

None to report.

C. Self-Regulatory Organization (SRO) Proceedings.

None to report.

ITEM 10
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Broker-Dealer Registration Status.

The Investment Adviser and its management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

B. Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser Registration Status.

The investment advisor is not currently registered as a commodity pool operator or commodity trading advisor.

C. Material Relationships or Arrangements with Industry Participants.

The Investment Adviser does not have any material relationships or arrangements with other industry participants.

D. Material Conflicts of Interest Relating to Other Investment Advisers.

The Investment Adviser does not recommend or select other investment advisers for its Clients.

The Investment Adviser is a wholly-owned subsidiary of the Clinton Group, as noted above. Certain personnel working for the Clinton Group and advising its clients may also perform investment-related functions for the Clinton Group. As we have stated earlier, the Investment Adviser does not have any clients and has not yet performed any investment advisory services. The Clinton Group manages advises private pooled investment vehicles that are not investment companies registered under the Investment Company Act of 1940, as well as for certain managed accounts. Certain of the Clinton Group's clients pursue similar strategies to those that the Investment Adviser expects to pursue on behalf of its Client. The Investment Adviser will address any conflicts of interest between the Clinton Group and its operations by reference to its policies and procedures.

ITEM 11
**CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS
AND PERSONAL TRADING**

A. Code of Ethics.

The Investment Adviser has adopted a Code of Ethics (the "Code") pursuant to Rule 204A-1 under the Advisers Act that is applicable to all officers and employees of the Investment Adviser. The Code requires all officers and employees to exercise their authority and responsibility for the benefit of Clients and to refrain from activities that may conflict with the interests of Clients. The portion of the Code that governs personal securities transactions is applicable to all "access persons" and members of their households. As defined in the Advisers Act, the term "access person" generally includes any firm employee who has access to non-public information regarding a Clients' purchases or sales of securities, is involved in making securities recommendations to Clients or who has access to such recommendations that are non-public.

The Code contains policies and procedures that, among other things:

- prohibit officers, employees and access persons from taking personal advantage of opportunities belonging to Clients;
- prohibit trading on the basis of material non-public information;
- place limits on personal trading by access persons and impose pre-clearance and reporting obligations with respect to such trading;
- impose limits on the giving or receiving of gifts and entertainment; and
- restrict officers' and employees' outside business activities.

Access persons must report personal securities holdings upon becoming an access person and annually thereafter. Access persons must also report their personal securities transactions on a quarterly basis. In addition, access persons are required to have brokers send duplicate confirmations or account statements to the Investment Adviser's Chief Compliance Officer ("CCO").

Clients and prospective Clients may request a copy of the Code by contacting the Investment Adviser at the address or telephone number listed on the first page of this document.

B. Securities in Which the Investment Adviser or a Related Person Has a Material Financial Interest.

The Investment Adviser will not cause its Clients to purchase securities directly from, or sell securities directly to, one or more other Clients or clients of the Clinton Group without first obtaining approval for such trades from the boards of the applicable Client of the Investment Adviser. Such transactions, known as "Cross Trades" may only be effected in a manner that is in compliance with Rule 206(3)-2 under the Advisers Act.

In the event that any Cross Trade may be viewed as a principal transaction due to the ownership interest in a Client by the Investment Adviser or its personnel (whether personally or through another vehicle), the Investment Adviser will comply with the requirements of Section 206(3) of the Advisers Act.

C. Investing in Securities that the Investment Adviser or a Related Person Recommends to Clients.

It is the policy of the Investment Adviser to permit access persons to invest in the same securities as Clients, subject to, among other things, pre-clearance procedures that are intended to minimize any potential impact on, or benefit to, such access persons from Client transactions and to ensure that an employee's personal trading and knowledge of Client transactions does not impermissibly disadvantage any Client's account. Each access person who wishes to purchase securities in private placements or initial public offerings of securities or to effect a securities transaction in an access person account, with limited exceptions, must first obtain written pre-clearance of the transaction from the CCO. The Investment Adviser will not effect principal transactions with its Clients.

D. Conflicts of Interest Created by Contemporaneous Trading.

It is the policy of the Investment Adviser to allocate investment opportunities among its Clients fairly and equitably, to the extent possible, over a period of time. However, upon purchasing, selling or exchanging any Financial Instrument for a particular Client or group of Clients, the Investment Adviser shall have no obligation to purchase, sell or exchange that Financial Instrument for other Clients if the Investment Adviser believes in good faith at the time the investment decision is made that such transaction would be unsuitable, impractical or undesirable for such other Clients.

Where an investment opportunity presents itself that a portfolio manager believes is both advantageous and limited in availability (and hence not fungible with other opportunities), whenever possible, the opportunity will be made available to all Clients for which the opportunity would present a legitimate investment decision, in the discretion of the portfolio manager for the Client. Allocations of such investment opportunities will be based upon the fair and equitable treatment of all Clients, taking into consideration the following factors: investment requirements; risk management requirements; potentially adverse tax consequences; regulatory restrictions; adherence to any limits as defined in the applicable Client's investment guidelines; capital availability of each Client for investments of the type under consideration; and liquidity/availability of the investment opportunity. Personnel performing investment-related activities for both the Clinton Group and the Investment Adviser allocate investments to their respective clients on a fair and equitable basis.

ITEM 12

BROKERAGE PRACTICES

A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions.

The Investment Adviser generally has discretionary authority to manage Client accounts, including the authority to determine which securities are to be bought and sold, the amounts appropriate for each Client and the selection of broker-dealers to effect securities transactions. To the extent applicable, the limitations on the Investment Adviser's ability to determine, without obtaining Client consent, the securities to be bought or sold, the amount to be bought or sold and the broker to be used may be specified by the particular Client and/or may result from each Client's internal requirement that all trades be reviewed and approved by the responsible portfolio managers and risk managers.

In selecting brokers or dealers to effect portfolio securities transactions, the Investment Adviser will comply with its fiduciary duty to seek "best execution" on behalf of Clients. The Investment Adviser considers various factors in selecting brokers through which orders for Clients are executed. In determining which brokers provide best execution, the Investment Adviser looks primarily to security prices quoted by the broker. Additionally, the following other factors may influence the selection of a broker for a particular trade: the execution, clearance and settlement capabilities of the brokers under consideration; the nature of the market for the security being traded; the size and timing of the transaction in relation to activity existing and expected in the market for the security; difficulty of execution; the broker-dealer's expertise in the specific security or sector; the extent to which the broker-dealer makes a market in the security involved or has access to such markets; the availability of accurate information regarding the market for the security; the broker-dealer's skill in positioning the securities involved; the broker-dealer's promptness of execution; the financial stability of the brokers under consideration; the adequacy of the broker-dealer's trading infrastructure, technology and capital; the broker-dealer's reputation for diligence, fairness and integrity; the quality of service rendered by the broker-dealer in other transactions for the Investment Adviser; the broker-dealer's ability and willingness to correct errors; the broker-dealer's ability to accommodate any special execution or order handling requirements that may surround the particular transaction; confidentiality considerations; and the quality and usefulness of research services and investment ideas presented by the broker-dealer. The Investment Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread.

Accordingly, if the Investment Adviser concludes that the commissions charged by a broker or the spreads applied by a dealer are reasonable in relation to the quality of services rendered by such broker or dealer (including, without limitation, the value of the brokerage and research services provided by such broker or dealer), commissions or spreads charged may be in an amount greater than the amount another broker-dealer might charge or apply.

On occasion, the Investment Adviser may experience errors with respect to trades executed on behalf of its Clients. Trade errors can result from a variety of situations, including, for example, when the wrong security is purchased or sold, the correct security is purchased or sold but for the wrong account, or the wrong quantity is purchased or sold (e.g.,

1,000 shares instead of 10,000 shares are traded). Trade errors may result in losses or gains. The Investment Adviser will endeavor to detect trade errors prior to settlement and correct and/or mitigate them in an expeditious manner.

To the extent that an error is caused by a counterparty or execution agent, such as a broker-dealer, the Investment Adviser will strive to recover any costs associated with correcting such error from the counterparty or execution agent. Typically, to the extent that the Investment Adviser determines that it is responsible for a trade error, the Investment Adviser will bear any costs associated with correcting such error. Any gains resulting from a trade error will remain in the impacted Client account(s).

1. Research and Other Soft Dollar Benefits.

The Investment Adviser has not utilized soft dollars and does not intend to utilize soft dollars.

2. Brokerage for Client Referrals.

Neither the Investment Adviser nor any related person receives Client referrals from any broker-dealer or third party. However, subject to best execution, the Clinton Group may consider, among other things, capital introduction and marketing assistance with respect to investors in the Clients in selecting or recommending broker-dealers for the Clients. As a result of this, the Investment Adviser may have an incentive to select or recommend a broker-dealer based on its interest in receiving investor referrals, rather than on the Client's interest in receiving most favorable execution.

3. Directed Brokerage.

The Investment Adviser does not recommend, request or require that a Client direct the Investment Adviser to execute transactions through a specified broker-dealer.

B. Order Aggregation.

Where appropriate, on occasion, the Investment Adviser may, but is not obligated, to aggregate or bunch Client orders to achieve more efficient execution. Individual and bunched order transactions generally are allocated at the time of the transaction. The Investment Adviser generally provides average prices when allocating bunched trades to participating Client accounts. The Investment Adviser may aggregate orders with the Clinton Group.

ITEM 13

REVIEW OF ACCOUNTS

A. Frequency and Nature of Review of Client Accounts or Financial Plans.

Client accounts are reviewed continuously by the portfolio managers. Trades executed for an account are reviewed and approved by the portfolio managers on an ongoing basis, or in some instances where the trades fall within specific guidelines, by the portfolio manager's designee after consultation with analysts. In addition, the Investment Adviser utilizes certain computer systems and software to continuously monitor the positions and market risk of the accounts.

B. Factors Prompting Review of Client Accounts Other than a Periodic Review.

A review of a Client account may be triggered by any unusual activity or special circumstances.

C. Content and Frequency of Account Reports to Clients.

Regular reports on the performance of each Client will be provided to the Client and the Primary Adviser.

ITEM 14
CLIENT REFERRALS AND OTHER COMPENSATION

Neither the Investment Adviser nor any related person directly or indirectly compensates any person who is not a supervised person, including placement agents, for Client referrals. The Clinton Group also does not compensate any person who is not a supervised person, including placement agents, for client referrals, however, the Clinton Group may choose to do so in the future.

ITEM 15
CUSTODY

The Investment Adviser does not have custody of client assets and all assets of the Client are held with a qualified custodian in accordance with the Investment Company Act of 1940.

ITEM 16
INVESTMENT DISCRETION

The Investment Adviser will serve as the investment manager or in a similar relationship with discretionary trading authority with respect to its Clients.

The Investment Adviser will enter into an sub-advisory agreement, or similar agreement with the Primary Adviser, pursuant to which the Investment Adviser will be granted discretionary trading authority.

ITEM 17

VOTING CLIENT SECURITIES

A. Policies and Procedures Relating to Voting Client Securities.

The Investment Adviser has adopted written proxy voting guidelines in accordance with Rule 206(4)-6 of the Advisers Act. Pursuant to the Adviser's Act, the Investment Adviser acts in a fiduciary capacity with respect to each of its Clients and, therefore, when exercising voting authority, the Investment Adviser must act in the best interest of such Clients. The Investment Adviser's primary objective is to vote in the manner that it believes will maximize the value of its Clients' investments. The Investment Adviser's judgment concerning the manner in which the best economic interest of its Clients may be achieved may change over time based on additional information, further analysis, and changes in the economic environment. Generally, Clients may not direct the Investment Adviser's vote in a particular solicitation.

The Investment Adviser receives proxy materials from Broadridge, which provides proxy processing services to the Investment Adviser. The Investment Adviser provides Broadridge security positions on a daily basis, and Broadridge assists the Investment Adviser with managing meeting notifications, voting, tracking and reporting and management of institutional proxies. In rare cases, the Investment Adviser will receive paper proxies which are then voted outside of Broadridge's proxy services. In these cases, the Investment Adviser seeks to vote in accordance with the best interests of its Clients.

Currently, Broadridge is under a standing order to vote "abstain" on all proxy ballots, abstain from voting on certain proxies with respect to positions managed by the Statistical Arbitrage Group of the Investment Adviser because of (i) the uncertain impact that such proposals may have on the valuation of the company's stock, (ii) the high cost associated with obtaining more information and (iii) the Investment Adviser's current belief that it is highly unlikely that it will retain such positions for any extended period. For positions held by the Statistical Arbitrage Group, the Investment Adviser may also follow the general guidelines put forward by Institutional Shareholder Services ("ISS"). In all cases, blocking ballots will not be voted on.

Where the Investment Adviser identifies a potential conflict of interest related to voting proxies on behalf of its Clients, the Investment Adviser will initially determine whether such potential conflict is material. Where the Investment Adviser determines there is a potential for a material conflict of interest regarding a proxy, the Investment Adviser will take one or some of the following steps: (i) inform the Client of the material conflict and the Investment Adviser's voting decision; (ii) discuss the proxy vote with the Client; (iii) fully disclose the material facts regarding the conflict and seek the Client's consent to vote the proxy as intended; and/or (iv) seek the recommendations of an independent third party. The Investment Adviser will document the steps it took to ensure the proxy vote or abstention was in the best interest of the Client and not the product of any material conflict.

Clients or their underlying investors may obtain a copy of the Investment Adviser's proxy policy, and a record of proxies voted with respect to their respective Client account upon request.

ITEM 18
FINANCIAL INFORMATION

The Investment Adviser is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to Clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.