
PART 2A OF FORM ADV: FIRM BROCHURE

CIRCLE LANE CAPITAL LP

SEPTEMBER 16, 2016

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Item 2 – Material Changes

Circle Lane Capital LP is amending its ADV Part 2 Brochure filed on May 2, 2016 to reflect the following changes:

- Item 4 has been updated to reflect assets under management as of September 1, 2016.
- Item 5 has been updated to reflect current fees and enhanced disclosure relating to expenses.

Recipients of the Brochure are encouraged to read the Brochure carefully in its entirety.

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Item 4 – Advisory Business

Circle Lane Capital LP, a Delaware Limited Partnership (“**Circle Lane**” or the “**Firm**”), is an investment management firm focused on equity investments in old economy, cyclical industries using an industry/single stock/macro framework.

The Firm was formed by Craig Shapiro and Steven Farber (collectively, the “**Principals**”) in 2015.

Circle Lane serves as the investment manager with discretionary trading authority to private pooled investment vehicles (each a “**Fund**” and collectively, the “**Funds**”) that are offered to sophisticated investors on a private placement basis. As of the date of this Brochure, Circle Lane serves as the investment manager to (i) Circle Lane Fund LP, a Delaware limited partnership (the “**Domestic Fund**”), (ii) Circle Lane Fund, Ltd., a Cayman Islands exempted corporation (the “**Offshore Fund**”), and (iii) Circle Lane Master Fund, LP, a Cayman Islands exempted limited partnership (the “**Master Fund**”).

The general partner of each Fund that is structured as a limited partnership is an affiliate of Circle Lane (the “**General Partner**”).

Interests in the Domestic Fund are offered on a private placement basis, and where applicable, in reliance on Section 3(c)(7) of the Investment Company Act of 1940, as amended (the “**Company Act**”), to persons who generally are “accredited investors” as defined under the Securities Act of 1933, as amended (the “**Securities Act**”), and “qualified purchasers” as defined under the Company Act, and who are subject to certain other conditions, which are fully set forth in the offering documents of such Funds. Interests in, or shares of, the Offshore Fund are generally offered to persons who are not “U.S. Persons,” as defined under Regulation S of the Securities Act, or who are tax-exempt U.S. Persons (or entities substantially comprised of tax-exempt U.S. Persons) on a private placement basis, and who are subject to certain other conditions, which are fully set forth in the offering documents of such Funds.

In addition, Circle Lane serves as the investment manager with discretionary trading authority for managed accounts (the “**Managed Accounts**”). Managed Accounts are typically managed *pari passu* with the Funds or may have similar, more concentrated portfolios than are permitted in accordance with the risk parameters of the Funds. Managed Accounts may also be managed pursuant to a different investment strategy from the strategy of the Funds. The account holders of the Managed Accounts may impose restrictions on investing in certain securities or types of securities or other instruments. Provisions relating to fees, liquidity, expenses and termination rights with respect to the Managed Accounts are negotiated on a case by case basis and certain clients may have more favorable terms than the Funds or other Managed Accounts.

As used herein, the term “client” generally refers to each Fund and each account holder of a Managed Account. The advice Circle Lane provides to its clients is tailored according to the investment objectives, guidelines and requirements set forth (i) with respect to each Fund, in its respective Confidential Private Offering Memorandum (each, a “**Memorandum**”) and (ii) with respect to each Managed Account, in the investment management agreement between Circle Lane and its account holder (each, an “**TMA**”).

Circle Lane does not participate in any wrap fee programs.

As of September 1, 2016, Circle Lane had approximately \$37 million in net client assets under management, all managed on a discretionary basis.

Item 5 – Fees and Compensation

Management Fees

Management fees vary with each client and are explained more fully in each client's Memorandum or IMA. Circle Lane is generally paid a management fee monthly in arrears according to the terms of the relevant agreement with each client. The management fee may be up to 2.0% (annualized) of (i) the net asset value of the shares or interests of each Fund held by investors and certain Managed Accounts, and (ii) the notional value of certain other Managed Accounts. Circle Lane or an affiliate receives annual performance-based compensation of up to 25% of the realized and unrealized net profits of a Fund or Managed Account as defined and calculated in the applicable Memorandum or IMA. Investors do not bear performance-based compensation on annual net profits until any respective aggregate net losses from any prior period are recovered. Management fees and performance-based compensation may vary for certain investors or classes thereof.

Management fees are prorated for partial periods. Performance-based compensation is charged at fiscal year-end (or quarterly, as the case may be) but may be charged during a fiscal year (or quarter) upon the termination of a Managed Account or upon an investor's redemption from a Fund, as applicable. Circle Lane and the General Partner may waive, modify or calculate differently the management fee and any performance-based compensation paid by any client or investor in a Fund on a case by case basis.

Unless otherwise agreed upon with a client, management fees and performance-based compensation are generally debited directly from Fund accounts and are generally billed to the Managed Accounts.

Expenses

As more fully described in each Fund's respective Memorandum and the IMA establishing each Managed Account, the Funds and the Managed Accounts generally bear expenses in connection with legal, compliance, administrator, audit and accounting expenses (including third party accounting, compliance and legal services); fees paid to third-party consultants (including risk consultants); organizational expenses; investment expenses such as commissions, research fees and expenses (including Bloomberg and similar subscriptions and data services and research related travel); interest on margin accounts and other indebtedness; borrowing charges on securities sold short; custodial fees; bank service fees; insurance costs (including D&O and E&O insurance for Circle Lane and the General Partner and outside directorship and Review Committee liability); independent Master Fund Review Committee members' fees and expenses; expenses of regulatory compliance, filings and reporting (including but not limited to Section 13 and Section 16 filings); other expenses related to the purchase, sale or transmittal of assets; and administrative expenses (including legal, auditing, recordkeeping, administration, fund accounting, tax return preparation fees, expenses of printing and dispatching offering materials to investors).

The above description of Fund expenses is not intended to be exhaustive. For a description of the fees and expenses borne by each Fund, please see the applicable Fund's Memorandum.

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

As noted in Item 5, Circle Lane and the General Partner receive performance-based compensation from all of the Firm’s clients. However, the variation of performance-based compensation structures among the Firm’s clients may create an incentive for Circle Lane to direct the best investment ideas to, or to allocate or sequence trades in favor of, clients that pay or allocate performance-based compensation at a higher rate.

Circle Lane has procedures designed to provide reasonable assurance that all clients are treated fairly and equally. Specifically, Circle Lane maintains procedures designed to address the allocation of investment opportunities among clients as well as the manner in which investments are valued. See Item 12. In addition, the Funds each retain a third party administrator which independently calculates, among other things, profit/loss allocations, management fees and performance-based compensation.

Although Circle Lane generally manages the Managed Accounts on a *pari passu* basis with the Fund, the investment performance of a Managed Account may differ from the investment performance of the applicable Fund due to numerous factors, including but not limited to, (i) the frequency of additions and withdrawals of assets to applicable accounts; (ii) different counterparty fees and expenses associated with applicable accounts; (iii) relative differences in account balances; (iv) trading following additions or withdrawals of capital to an account; (v) tax, legal or regulatory requirements; and (vi) any other risk parameters, instructions or restrictions imposed by a particular client.

Managed Accounts are typically managed *pari passu* with the Fund or may have similar, more concentrated portfolios than are permitted in accordance with the risk parameters of the Fund. Managed Accounts may also be managed pursuant to a different investment strategy from the strategy of the Fund. The account holders of the Managed Accounts may impose restrictions on investing in certain securities or types of securities or other instruments. Provisions relating to fees, liquidity, expenses and termination rights with respect to the Managed Accounts are negotiated on a case by case basis and certain clients may have more favorable terms than the Fund or other Managed Accounts.

Item 7 – Types of Clients

Circle Lane primarily provides investment advice to the Funds and the Managed Accounts, as described above. It may provide investment advisory services to additional clients in the future. Circle Lane is under no obligation to accept any client and may decline acceptance of a client in its sole discretion.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

The Circle Lane portfolio consists predominantly of single stocks that are sized according to the risk/reward of the idea. In building this portfolio, Circle Lane relies on three frameworks: an industry framework, a single stock framework and a macro framework. Potential investments that clear the three framework analysis go into a “catalog” where Circle Lane will then determine when the investment idea becomes actionable. Observable evidence that the path toward cycle normalization is approaching helps the Firm determine when a potential investment moves from the catalog to the Fund’s portfolio. Key

indicators of approaching cycle normalization include but are not limited to: changes in capacity, changes in the number of industry participants and value chain compression or expansion.

The Firm's investment philosophy is grounded in the view that Old Economy/Cyclical industries regularly experience periods of significant over- or under-earning compared to their historical normalized return profiles and their barriers to entry. The Firm seeks to identify the repeated sources of market error that consistently lead investors to misprice this over- or under-earning as normalized, including but not limited to: compounded short-term orientation problems, one-time shocks changing industry dynamics, failure to perceive value chain economics, over/understated barriers to entry, over/understated value proposition and belief in a permanent regulatory regime. Through a favorably structured investment vehicle that utilizes a controlled degree of leverage, a moderate time horizon and focuses on the degree of variance vs consensus on a core operating metric, the Firm believes it can profit from others' short-term focus and generate attractive overall and risk-adjusted returns.

While client accounts are invested primarily in equity-related securities, Circle Lane has broad and flexible investment authority. Accordingly, investments may at any time include, without limitation, long or short positions in U.S. or non-U.S. publicly traded or privately issued common stocks, preferred stocks, stock warrants and rights, convertible securities, swaps, options (purchased or written), forward contracts and other derivative instruments, currency spot and forward contracts, credit and fixed income instruments, interest rate contracts, sovereign debt, partnership interests and other securities or financial instruments including those of investment companies.

The Fund has complete flexibility to create or organize (alone or in conjunction with others, including Circle Lane, or other affiliates) or otherwise utilize special purpose subsidiaries, affiliates, co-investment vehicles, feeders or other special purpose investment or financing vehicles, swaps or other derivatives or structured products, particularly in instances where Circle Lane, in its sole discretion, determines that there is a potential strategic, tax, regulatory or similar advantage to such structured product, instrument or entity.

Key Risks of Circle Lane's Investment Strategies

Below is a summary of potentially material risks for the investment strategies used, the methods of analysis used, and/or the particular types of investments that a Fund or Managed Account may invest in. The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in a Fund or Managed Account. Investors should ultimately refer to the applicable Memorandum or IMA for detailed risk disclosures that specifically address the risks for each Fund's or Managed Account's investment strategies, methods of analysis or types of investments.

All investing involves a risk of loss that investors should be prepared to bear, including the risk that the entire amount invested may be lost. The investment strategies offered by Circle Lane could lose money over short or long periods of time. Identifying undervalued securities and other assets is difficult, and there are no assurances that the Firm's investment strategies will succeed. Circle Lane cannot give any guarantee that it will achieve the investment objectives it establishes for a client or that any client will receive a return of its investment.

The Firm has broad discretion in making investments. Investments generally consist of equity-related securities and other assets that may be affected by business, financial market or legal uncertainties. There

can be no assurance that Circle Lane will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile, financial resources and business activities may be susceptible to setbacks or downturns, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Firm's activities and the value of its investments. In addition, the value of client portfolios may fluctuate as the general level of the equity markets fluctuates.

Equity-Related Instruments in General

Circle Lane uses equity-related instruments in its investment program. Certain options and other equity-related instruments may be subject to various types of risks, including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk. In addition, equity-related instruments can involve significant leverage and may, in some cases, involve significant risks of loss.

Small to Medium Capitalized Companies

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

Exchange Traded Funds

Because ETFs (which are registered investment companies) are effectively portfolios of securities, Circle Lane believes that the unsystematic risk associated with investments in ETFs is generally low relative to investments in ordinary securities of individual issuers. Although the Firm invests in industry-specific ETFs, there may be certain risks to the extent a particular ETF is concentrated in a particular sector, and is not as diversified as the market as a whole.

Options

The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Additionally, the premium paid for an option is based, in part, on the time to expiration, and with the passage of time, the premium associated with an option declines, assuming all other factors being equal. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

Stock Index Options

Circle Lane may also purchase and sell call and put options on stock indices listed on securities exchanges or traded in the over-the-counter market for the purpose of realizing its investment objectives or for the purpose of hedging its portfolio. A stock index fluctuates with changes in the market values of the stocks included in the index. The effectiveness of purchasing or writing stock index options for hedging purpose depends upon the extent to which price movements in the portfolio correlate with price movements of the stock indices selected. Because the value of an index option depends upon movements in the level of the index rather than the price of a particular stock, whether a client realizes gains or losses from the purchase or writing of options on indices depends upon movements in the level of stock prices in the stock market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular stocks. Accordingly, successful use by the Firm of options on stock indices is subject to its ability to correctly predict movements in the direction of the stock market generally or of particular industries or market segments.

Debt Securities Generally

The Firm may invest in private and government debt securities and instruments. The Firm may invest in debt instruments that are unrated, and whether or not rated, the debt instruments may have speculative characteristics. The issuers of such instruments (including sovereign issuers) may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal. Such instruments are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions.

U.S. Government Securities

The Firm may invest in U.S. Government securities. Generally, these securities include U.S. Treasury obligations and obligations issued or guaranteed by U.S. Government agencies, instrumentalities or sponsored enterprises. U.S. Government securities also include Treasury receipts and other stripped U.S. Government securities, where the interest and principal components of stripped U.S. Government securities are traded independently. These securities are subject to market and interest rate risk. The Firm may also invest in zero coupon U.S. Treasury securities and in zero coupon securities issued by financial institutions, which represent a proportionate interest in underlying U.S. Treasury securities. A zero coupon security pays no interest to its holder during its life, and its value consists of the difference between its face value at maturity and its cost. The market prices of zero coupon securities generally are more volatile than the market prices of securities that pay interest periodically.

Derivatives

To the extent that the Firm invests in swaps, derivative or synthetic instruments, or enters into repurchase agreements or other over-the-counter transactions, the Firm may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions that generally are backed by clearing organization guarantees, more frequent mark-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties

generally do not benefit from such protections and expose the parties to the risk of counterparty default. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets (directly or indirectly) of a client, and hence such client should not be exposed to a credit risk with regard to such parties. However, it may not always be possible to achieve this segregation, and there may be practical or time problems associated with enforcing rights to its assets in the case of an insolvency of any such party.

Credit Default Swaps

The Firm may enter into credit default swaps. The typical CDS and LCDS contract requires the seller to pay to the buyer, in the event that a particular reference entity experiences specified credit events, the difference between the notional amount of the contract and the value of a portfolio of securities or loans issued by the reference entity that the buyer delivers to the seller. In return, the buyer agrees to make periodic and/or upfront payments equal to a fixed percentage of the notional amount of the contract. In circumstances in which a client does not own the debt or loans that are deliverable under a credit default swap, such client will be exposed to the risk that deliverable securities or loans will not be available in the market, or will be available only at unfavorable prices, as would be the case in a so-called "short squeeze". In certain instances of issuer defaults or restructurings, it has been unclear under the standard industry documentation for credit default swaps whether or not a "credit event" triggering the seller's payment obligation had occurred. In either of these cases, the a client would not be able to realize the full value of the credit default swap upon a default by the reference entity. As a seller of credit default swaps, a client incurs leveraged exposure to the credit of the reference entity and is subject to many of the same risks it would incur if it were holding debt securities or loans issued by the reference entity. However, the client will not have any legal recourse against the reference entity and will not benefit from any collateral securing the reference entity's debt obligations. In addition, the credit default swap buyer will have broad discretion to select which of the reference entity's debt obligations to deliver to the client following a credit event and will likely choose the obligations with the lowest market value in order to maximize the payment obligations of the client. Given the recent sharp increases in volume of credit derivatives trading in the market, settlement of such contracts may also be delayed beyond the time frame originally anticipated by counterparties. Such delays may adversely impact the client's ability to otherwise productively deploy any capital that is committed with respect to such contracts.

Use of Leverage

The Firm may utilize leverage. This results in the Firm controlling substantially more assets than the Firm has equity. Leverage increases the portfolio returns if the Firm earns a greater return on investments purchased with borrowed funds than the Firm's cost of borrowing such funds. However, the use of leverage exposes clients to additional levels of risk, including (i) greater losses from investments than would otherwise have been the case had the Firm not borrowed to make the investments, (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Firm's cost of borrowing such funds. In the event of a sudden, precipitous drop in value of assets, the Firm might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying its losses.

In an unsettled credit environment, the Firm may find it difficult or impossible to obtain leverage. In such event, the Firm could find it difficult to implement its strategy. In addition, any leverage obtained, if terminated on short notice by the lender, could result in the Firm being forced to unwind positions quickly and at prices below what it deems to be fair value for such positions.

Short Sales

Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on a portfolio. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.

Hedging Transactions

The Firm may utilize a variety of financial instruments such as derivatives, options, swaps, caps and floors, forward contracts for both risk management and general investment and speculation purposes. With respect to the Firm's risk management and hedging transactions, there can be no assurances that a particular hedge is appropriate, or that a certain risk is measured properly. Further, while the Firm may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk than if it did not engage in any such hedging transactions. In addition, the Firm may choose not to enter into hedging transactions with respect to some or all of its positions.

Non-U.S. Securities

The Firm may invest in foreign securities. Investing in securities of foreign governments and companies that are generally denominated in foreign currencies and utilization of options involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of the U.S. government or U.S. companies. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, foreign government restrictions, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Emerging Market Investments

The Firm may invest a portion of its assets in securities of companies based in emerging countries or issued by the governments of such countries. Investing in securities of certain of such countries and companies involves certain considerations not usually associated with investing in securities of developed countries or of companies located in developed countries, including political and economic considerations, such as greater risks of expropriation, nationalization and general social, political and economic instability; greater costs associated with transactions in securities (including brokerage, execution, clearing, and custodial costs); the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict the Firm's investment opportunities. In addition, accounting and financial reporting standards that prevail in certain of such countries generally are not equivalent to standards in more developed countries and, consequently, less information is available to investors in companies located in these countries than is available to investors in companies located in more

developed countries. There is also less regulation, generally, of the securities markets in emerging countries than there is in more developed countries.

Hedging Strategies

The Firm is not required to attempt to hedge portfolio positions and, for various reasons, may determine not to do so. Furthermore, the Firm may not anticipate a particular risk so as to hedge against it. The Firm may utilize financial instruments, both for investment purposes and for risk management purposes, in order to (i) protect against possible changes in the market value of a client portfolio resulting from fluctuations in the securities and commodity markets, (ii) protect the unrealized gains in the value of an investment portfolio, (iii) facilitate the sale of any such investments, (iv) enhance or preserve returns, spreads or gains on any investment, (v) hedge the interest rate or currency exchange rate on any of the a portfolio's liabilities or assets, (vi) protect against any increase in the price of any securities or commodities the Firm anticipates purchasing at a later date or (vii) for any other reason that the Firm deems appropriate.

Exchange Rate Fluctuations; Currency Considerations

The Firm may invest in the securities of non-U.S. issuers and instruments denominated in non-U.S. currencies, the prices of which are determined with reference to currencies other than the U.S. dollar. The Firm, however, values its assets in U.S. dollars. The Firm may hedge its non-U.S. currency exposure, but it may not always be practicable or economical to do so. Moreover, the Firm may choose not to enter into hedging transactions in order to obtain the non-U.S. currency exposure associated with such investments. To the extent unhedged, the value of positions in non-U.S. investments will fluctuate with U.S. dollar exchange rates as well as the price changes of the investments in the various local markets and currencies. In such cases, an increase in the value of the U.S. dollar compared to the other currencies in which the Firm makes its investments will reduce the effect of any increases and magnify the effect of any decreases in the prices of investments in their local markets and may result in a loss. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on non-U.S. dollar investments.

Furthermore, the Firm may incur costs in connection with conversions between various currencies. Non-U.S. currency exchange dealers realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to the Firm at one rate, while offering a lesser rate of exchange should the Firm desire immediately to resell that currency to the dealer. The Firm will conduct its currency exchange transactions either on a spot (i.e., cash) basis at the spot rate prevailing in the currency exchange market, or through entering into forward or options contracts to purchase or sell non-U.S. currencies. Most of the Firm's currency exchange transactions occur at the time non-U.S. investments are purchased and will be executed through the local broker or custodian acting for the Firm.

Currency Trading

Currency trading is volatile, highly leveraged and may be illiquid. Currency spot, forward and option prices are highly volatile. Such prices are influenced by, among other things: changing supply and demand relationships; government trade, fiscal, monetary and exchange control programs and policies; national and international political and economic events; and changes in interest rates. In addition, governments, from time to time, intervene directly and by regulation in these markets with specific

intention of influencing such prices. The inability to liquidate currency positions creates the possibility of the Firm being unable to control its losses in this area.

Commodity-Related Instruments

The production and marketing of commodities may be affected by actions and changes in governments. In addition, commodity-related instruments may be cyclical in nature. During periods of economic or financial instability, commodity-related instruments may be subject to broad price fluctuations, reflecting volatility of energy and basic material prices and possible instability of supply of various commodities. Commodity-related instruments may also experience greater price fluctuations than the relevant commodity. In periods of rising commodity prices, such instruments may rise at a faster rate; and conversely, in times of falling commodity prices, such instruments may suffer a greater price decline.

Commodity Interest Trading is Speculative and Volatile

The prices of financial instruments in which the Firm may invest can be highly volatile. Prices and trading volumes for certain commodities have experienced significant volatility in recent months. Price movements of contracts are influenced by, among other things: changing supply and demand relationships; weather and climate conditions; trade, fiscal, monetary, and exchange control programs and policies of governments; political and economic events and policies; changes in interest rates and rates of inflation; currency devaluations and revaluations; and emotions of the marketplace. Governments from time to time intervene, directly and by regulation, in certain markets, particularly those dealing in precious metals. Such intervention is often intended to influence prices directly.

Futures Trading May Be Illiquid

It is not always possible to execute a buy or sell order for a futures contract at the desired price or to close out an open position due to market illiquidity. Such illiquidity can be caused by intrinsic market conditions, the interrelationship between or among markets, or extrinsic factors like the imposition of daily price fluctuation limits. Most United States futures exchanges limit fluctuations in certain commodity futures and option contract prices during a single day (or part thereof) by regulations referred to as "daily price fluctuation limits" or "daily limits." Pursuant to such regulations, during a single trading day, no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular commodity or future has increased or decreased by an amount equal to the daily limit, positions in the contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Prices in various contracts have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Firm from promptly liquidating unfavorable positions and subject clients to substantial losses. While daily limits may reduce or effectively eliminate the liquidity of a particular market, they do not limit ultimate losses, and may in fact substantially increase losses because they may prevent the liquidation of unfavorable positions.

The Firm may not be able to execute trades at favorable prices if little trading in the contracts involved is taking place. Under some circumstances, the Firm may be required, or may elect, to accept or make delivery of the underlying commodity if the position cannot be liquidated prior to expiration date. It also is possible that an exchange or the CFTC may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only.

Spot and Forward Contracts

The Firm may enter into spot and forward contracts on commodities. Spot and forward contracts are not traded on exchanges, and as a consequence investors in such contracts do not benefit from the regulatory protections of exchanges or governmental or regulatory authorities in any jurisdiction; rather, banks, broker-dealers, or their affiliates act as principals in these markets. Because the Firm may enter into spot and forward contract transactions directly with a counterparty and because the performance of a spot and forward contract is not guaranteed by any exchange or clearing organization, the Firm is subject to the risk of the inability or refusal to perform with respect to such contracts on the part of the principals with which the Firm trades. In addition, the Firm's spot and forward contract transactions generally do not benefit from other safeguards that are applicable to intermediaries in certain exchange-traded markets, including clearing organization guarantees, daily mark-to-market valuation and settlement of positions, segregation of monies and property, and minimum capital requirements. Any such failure or refusal (whether due to insolvency, bankruptcy, default, or other cause) could subject clients to substantial losses. The Firm will not be excused from the performance of any spot or forward contracts into which it has entered due to the default of third parties in respect of spot or forward contracts or other transactions that were to have substantially offset such contracts. From time to time, the Firm may elect to accept or make delivery of commodities underlying spot and forward contracts.

Lack of Diversification

Although the Firm has broad discretion with respect to types of securities, countries or industry sectors that client accounts may invest in, portfolios may not be as diversified as other investment vehicles. Accordingly, client portfolios may be subject to more rapid change in value than would be the case if the Firm were required to maintain a wide diversification.

Portfolio Turnover

The investment strategy of client accounts may require the Firm to actively trade, and as a result, turnover and brokerage commission expenses of such accounts may exceed those of other investment entities of comparable size.

Item 9 – Disciplinary Information

This Item is not applicable.

Item 10 – Other Financial Industry Activities and Affiliations

Circle Lane GP LLC, an affiliate of Circle Lane serves as the general partner of the Fund.

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

Code of Ethics and Personal Trading

Circle Lane’s Code of Ethics (the “Code”) sets forth a standard of business conduct expected of all Circle Lane employees, reflecting Circle Lane’s fiduciary obligations, supervisory requirements, and duty to comply with applicable federal securities laws.

The Code requires Circle Lane’s employees to report their personal securities holdings and transactions to Circle Lane’s Chief Compliance Officer or his designee. The Code also requires each employee’s broker-dealer to provide duplicate personal account statements and trade confirmations directly to Circle Lane and requires Circle Lane to review these reports periodically.

Circle Lane generally prohibits purchases or short-selling by employees of individual securities (including IPOs), futures, options, forwards and related instruments. In limited circumstances such a trade may be conducted or a private placement investment may be made with the prior approval of the Chief Compliance Officer or his designee. Employees are permitted to purchase and sell uncovered securities (including mutual funds, index funds, certain exchange-traded funds, direct obligations of the U.S. government, money market funds and similar instruments) without prior approval. Some clients may potentially invest in the same or similar instruments. Any exceptions to these policies must be expressly approved by the Chief Compliance Officer or his designee.

The Code includes restrictions designed to supervise the giving or receiving of gifts and entertainment, and employees’ outside business activities. The Code also includes restrictions on certain political contributions and related solicitation activities.

Circle Lane will provide a copy of the Code to any investor or prospective investor upon request to Craig Shapiro at 646-205-2681.

Cross Trades

To the extent that Circle Lane is trading on behalf of two or more clients, in limited circumstances Circle Lane may cross trade securities between its clients. Such cross trades would be executed by an independent broker-dealer on an agency basis at the current fair market value as determined by such broker-dealer and/or in a manner otherwise consistent with Circle Lane’s fiduciary obligations. Cross trades will not be executed for any client where such trade would not be permitted under applicable law (e.g., under the Employee Retirement Income Security Act of 1974 (“ERISA”)).

Material Non-Public or Confidential Information

By reason of Circle Lane’s business or investment activities, it may acquire material nonpublic or confidential information or otherwise be restricted in its investment activities, and, in such event, may not be free to act upon such information. Moreover, due to such confidential information and/or restrictions, Circle Lane may not initiate a transaction for a Fund that it otherwise might have initiated, and a Fund may, as a result, be required to maintain a position that it otherwise might have sold, or be required to refrain from acquiring a position that it otherwise might have acquired.

Additional Considerations

From time to time, various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of Circle Lane, its affiliates and its personnel (each an “Advisory Affiliate” and, collectively, the “Advisory Affiliates”). Circle Lane has established policies and procedures to monitor and resolve conflicts and will endeavor to resolve conflicts with respect to investment opportunities in a manner it deems equitable to the extent possible under the prevailing facts and circumstances.

In addition, to the extent that Circle Lane is trading on behalf of two or more clients, Circle Lane may give advice or take action with respect to the investments of one or more client account that may not be given or taken with respect to other client accounts with similar investment programs, objectives, and strategies. Accordingly, although client accounts may have similar strategies, they may not hold the same securities or instruments or achieve the same performance. These activities also may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more clients.

Item 12 – Brokerage Practices

Trading and Execution

Circle Lane has the authority to select prime brokers, executing brokers and futures commissions merchants (collectively, the “Brokers”) for each of the Funds. Client assets are generally cleared and custodied at major global broker-dealers.

Circle Lane utilizes many Brokers to execute trades for its clients. Factors that Circle Lane considers in recommending or utilizing a Broker may include (i) the price, (ii) the Brokers’ facilities, reliability and relative creditworthiness, (iii) the ability of the Broker to effect the transactions, (iv) the provision or payment by the Broker of the costs of brokerage or research products or services, and (v) the ancillary services provided by such Broker such as capital introduction services, the generation of investment ideas and research services provided. The commissions and/or transaction fees charged by a Broker may be higher or lower than those charged by other broker-dealers. Circle Lane does not receive any portion of the brokerage commissions and/or transaction fees charged to the Funds. The brokerage commissions and/or transaction fees charged by any Broker are exclusive of, and in addition to, Circle Lane’s management fee. Although the commissions paid by the Funds comply with Circle Lane’s duty to obtain best execution, a Fund may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Circle Lane determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer’s services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Circle Lane seeks competitive rates, it may not necessarily obtain the lowest possible commission rates for Fund transactions. Circle Lane periodically evaluates the execution performance of Brokers executing its transactions.

Soft Dollars

In return for effecting securities transactions through a Broker, Circle Lane may receive certain investment research products and related services which assist Circle Lane in its investment decision-making process, all of which are intended to be in compliance with Section 28(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Circle Lane also may, from time to time, engage in soft dollar transactions involving instruments outside of the safe harbor (*e.g.*, futures), provided the goods and services received from such transactions are of the type that fall within Section 28(e) of the Exchange Act. Research products and related services furnished by Brokers may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies, data and forecasts; statistics and pricing services; as well as discussions with research personnel and other services utilized in the investment management process.

Although the investment research products and/or services that are obtained by Circle Lane may be used to service some or all of Circle Lane’s clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client’s account.

Any account subject to ERISA will only participate in soft dollars to the extent: (i) set forth in the disclosure materials for such account, and (ii) any such soft dollar participation of the ERISA account meets all the conditions of Section 28(e) of the Exchange Act.

Aggregation and Allocation

To the extent that Circle Lane is trading on behalf of two or more clients, Circle Lane may execute transactions for clients on an aggregated basis when Circle Lane believes that to do so would allow it to obtain best execution and to negotiate more favorable commission rates or avoid certain transaction costs that might have otherwise been paid had such orders been placed independently. When aggregating orders across client accounts, the order and subsequent fills would generally be allocated among such clients based on a pre-set monthly weighting largely proportionate to such participating clients’ relative assets under management (including available cash balances). To the extent Circle Lane is allocating a trade among any two or more clients that are not managed *pari passu*, then a determination would be made prior to entering in such transaction as to the relative allocations of all participating clients. Reasons for allocating among clients would include (but are not limited to): a client’s investment guidelines and restrictions, available cash, liquidity requirements, leverage targets, rebalancing total risk exposure across all clients, tax or legal reasons, and to avoid odd-lots or in cases when a normal allocation would result in a *de minimis* allocation to one or more clients.

Certain clients are not legally (or otherwise) permitted to share in initial public offerings of equity securities (“IPOs”) while other clients may participate in IPOs. Additionally, if any client is restricted from purchasing a particular security due to any legal, tax or other regulatory reason or voluntary limitation, such client would not be allocated any portion of such security irrespective of the pre-existing formula described herein. As a result, Circle Lane is not be obligated to allocate an investment opportunity across all of its clients and may at times sell a position for one or more of its clients, while it continues to hold the position for other clients.

Trade Error Policies and Procedures

Except as set forth below, neither Circle Lane nor any of its affiliates, is liable to any Fund or investor in such Fund for any acts or omissions arising out of, or in connection with, a Fund, any investment made or held by a Fund or any governing agreement, unless such action or inaction constituted fraud, gross

negligence, willful misconduct or violation of applicable laws. As a result, any negative or positive results of trading errors generally is borne by the Funds, rather than by Circle Lane or an affiliate, so long as Circle Lane or such affiliate adheres to the foregoing standard of care.

Each of Circle Lane and its affiliates may consult with counsel and accountants in respect of Fund affairs and be fully protected and justified in any action or inaction that is taken in accordance with the advice or opinion of such counsel and/or accountants, provided that they shall have been selected in good faith. The foregoing provisions will not be construed so as to provide for the exculpation of Circle Lane or any affiliate for any liability (including liability under Federal securities laws which, under certain circumstances, impose liability even on persons that act in good faith), to the extent (but only to the extent) that such liability may not be waived, modified or limited under applicable law.

Additional Brokerage Considerations

From time to time, brokers (including prime brokers) may assist the Funds in raising additional funds from investors, and representatives of Circle Lane may speak at conferences and programs sponsored by such brokers for investors interested in investing in hedge funds. Through such “capital introduction” events, prospective investors in the Funds would have the opportunity to meet with representatives of Circle Lane. Currently, neither Circle Lane nor the Funds compensate any broker for organizing such events or for any investments ultimately made by prospective investors attending such events, nor do they anticipate doing so in the future. The Funds may accept subscriptions from investors who also provide services to the Funds, including brokers and their affiliates. Relationships such as these could be viewed as creating a conflict of interest that potentially could affect Circle Lane’s ability to seek best execution. While Circle Lane’s relationship with brokers may influence it in deciding whether to use such broker in connection with brokerage, financing and other activities of the Funds, Circle Lane does not commit to allocate a particular amount of brokerage to a broker in any such situation. Furthermore, Circle Lane conducts periodic best execution reviews in an effort to identify and mitigate compliance risks associated with brokerage relationships, and to determine that Circle Lane is obtaining best execution for clients’ accounts.

Item 13 – Review of Accounts

The Principals are responsible for evaluating securities and other products for investment, reviewing portfolios and making asset allocation decisions. Daily reports of portfolio positions and performance are provided to the portfolio manager and certain other investment professionals of Circle Lane. Each portfolio is reviewed on an ongoing basis according to the client’s investment objectives and pursuant to the stated investment strategies of the respective Funds. Portfolios are reviewed for performance, liquidity, diversification, and risk.

The Funds will be audited on an annual basis by a firm of independent public accountants. Fund investors will generally receive (i) audited annual financial reports, (ii) unaudited monthly financial reports, (iii) and annual tax information for the completion of tax returns. Clients that are Managed Accounts will receive daily reports in their capacity as account holder from applicable brokers detailing the estimated profits and losses for the account for that day. Additionally, each such client will receive monthly reports detailing their account information, including the account’s beginning and ending value, and the account’s performance for that period. In addition to the information provided to all investors, Circle Lane may provide certain investors with additional information or more frequent reports that other investors will not receive.

Item 14 – Client Referrals and Other Compensation

Circle Lane has entered into an arrangement with a selling agent whereby it has agreed to pay a portion of its fees to such other parties in connection with the introduction of investors to the Funds.

Additionally, broker-dealers, including prime brokers, and other counterparties may provide Circle Lane a variety of services, including capital introduction services. While this creates an incentive to maintain the relationship with such counterparties, Circle Lane is not required to direct any volume of business in return for these services.

Item 15 – Custody

In order to comply with SEC requirements and ensure that the Fund's assets are appropriately protected, Circle Lane and its affiliates have arranged for annual audits of the Fund. These audited financial statements will be distributed to all investors in the Fund within 120 days or less of the Fund's fiscal year end. Circle Lane and its affiliates have also arranged for all of the Fund's cash and securities (other than privately offered, uncertificated securities with limited transferability) to be held with qualified custodians.

Item 16 – Investment Discretion

The Firm has entered into an investment management agreement with the Fund. The agreement, together with the management authority granted to an affiliate that serves as general partner to the Fund pursuant to the LPA, provides Circle Lane with full discretion to determine investments to be purchased and sold on behalf of the Fund and the terms of the related transactions.

Item 17 – Voting Client Securities

The SEC adopted Rule 206(4)-6 under the Advisers Act, which requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies. In compliance with such rules, Circle Lane has adopted the following proxy voting policies and procedures:

With the aim of ensuring that proxies are voted in the best interest of clients, Circle Lane has engaged the Proxyedge service from Broadridge as its independent proxy voting service to handle the administrative mechanics of proxy voting, and Glass Lewis & Co. to provide voting recommendations. Glass Lewis is an unaffiliated, third party proxy voting research service, specializing in providing a variety of proxy-related services to institutional investment managers.

There may be occasions where the voting of proxies may present an actual or perceived conflict of interest between Circle Lane and its clients. Circle Lane will not vote proxies contrary to the best interest of its clients due to business or personal relationships with an issuer's management, participants in proxy contests, corporate directors or candidates for corporate directorships, or where Circle Lane or an employee may have a personal interest in the outcome of a particular matter before shareholders. When there exists an actual or potential conflict of interest, Circle Lane addresses these conflicts or

appearances of conflicts by ensuring that proxies are voted in accordance with the recommendations made by Glass Lewis.

Clients may contact Circle Lane to obtain information on how proxies were voted for such client and to request a copy of Circle Lane's proxy voting policies and procedures.

Item 18 – Financial Information

Circle Lane 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 and fiduciary commitments to its clients, nor has it been the subject to any bankruptcy proceeding.

Item 19 – Requirements for State-Registered Advisers

This Item is not applicable.