

Item 1. Cover Page

DISCLOSURE BROCHURE

(FORM ADV, PART 2A)

**Margate Capital Management LP
File No. 801-107772
145 West 57th Street, 15th Floor
NEW YORK, NY 10019
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May 2017

This brochure provides information about the qualifications and business practices of Margate Capital Management LP. If you have any questions about the contents of this brochure, please contact us at investor.relations@margatecapital.com or (212) 845-7900. 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. Margate Capital Management LP is registered as an investment adviser with the SEC. Registration does not imply a certain level of skill or training.

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

Please retain a copy of this brochure for your records.

Item 2. Material Changes

The following material changes to the Form ADV Part 2A of Margate Capital Management LP (the “Adviser”) have been made from the 2017 annual updating amendment filed in March as well as the changes made from the Adviser’s initial filing in April 2016.

A principal owner of the Adviser, Cowen Investment Management LLC, previously known as Ramius LLC and its parent company, Cowen Inc., previously known as Cowen Group, Inc. both underwent a legal name change on May 16, 2017.

Item 1. Cover Page. The Adviser relocated to 145 West 57th Street, 15th Floor, New York, New York 10019.

Item 4. Advisory Business. The Adviser revised Item 4 to reflect its provision of discretionary investment management services to private investment partnerships and offshore investment funds that are offered to investors on a private placement basis.

Item 5. Fees and Compensation. The Adviser revised Item 5 to more accurately reflect the range of Management Fees (as defined herein) paid to the Adviser.

Item 8. Methods of Analysis, Investment Strategies. The Adviser updated Item 8 to reflect the following: The Advisor seeks to achieve its Clients’ investment objectives primarily by investing in equities, exchange traded options and exchange traded funds (in each case both long and short) with a primary focus on the media, technology, communications, consumer discretionary and consumer staples sectors, primarily in U.S. equity markets and selectively in international equity markets.

The Adviser also added the following paragraph to Item 8: Investments in the Clients entail a number of risks. There can be no assurance that the investment programs of the Clients will prove successful, and certain investment practices can, in some circumstances, potentially increase any adverse impact on the Clients’ investment portfolios. The Adviser’s risk management approach seeks to isolate and mitigate, not eliminate, risk and there may be certain risks that the Adviser determines should not or cannot be hedged against. Accordingly, the Adviser’s activities could result in substantial losses under certain circumstances. Investing in securities involves risk of loss that investors should be prepared to bear.

Finally, the Adviser updated the risk factors enumerated in Item 8. The following risk factors were added: Risks Related to the Consumer Sector; Risks Related to Investments in the Media Industry; Risks Related to Investments in the Technology Sector; Risks Related to Investments in the Communications Sector; ETFs; Options Risks; Availability of Investment Strategies; Depositary Receipts; Significant Positions in Securities, Regulatory Requirements; Current Economic Conditions in European Countries; Legal and Regulatory Changes

Material updates were made to the following risk factors: Investments in Non-US Securities; Currency Risk and Related Hedging; Leverage; Short Sales; Risks of Derivative Instruments; Cleared Derivatives Transactions; Counterparty Risk; Custodial Risk.

The following two risk factors were added in the May 2017 amendment: Regulatory Risk and Cybersecurity and Electronic Systems Risk.

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Item 4. Advisory Business

Margate Capital Management LP (the “Adviser”) is a Delaware Limited Partnership formed in April 2016. The Adviser is owned by Samantha Greenberg, Managing Partner and Chief Investment Officer to the Adviser (Ms. Greenberg holds the majority interest in the Adviser through Margate GP LLC) and Cowen Investment Management LLC. Cowen Investment Management LLC is a wholly owned subsidiary of Cowen Inc., a publicly traded company (“Cowen”).¹ Although Ms. Greenberg and Cowen Investment Management LLC together own the Adviser, Ms. Greenberg is responsible for the day to day operations of the Adviser and makes all investment decisions with respect to its Clients (as defined below).

The Adviser provides discretionary investment management services to private investment partnerships and offshore investment funds that are offered to investors on a private placement basis (each a “Fund” and collectively, the “Funds”) as well as separately managed accounts, which may be in the form of a fund-of-one or brokerage account (each a “Managed Account” and collectively, the “Managed Accounts”). As used herein, the term “Client” generally refers to each Fund and each beneficial owner of a Managed Account. The Adviser may provide discretionary investment management services to Managed Accounts beneficially owned by Cowen.

The Funds include: Margate Capital Partners Fund LP, a Delaware limited partnership and Margate Capital Partners Fund Ltd., a Cayman Islands exempted company, both of which invest substantially all of their assets through a “master-feeder” structure in Margate Capital Partners Master Fund Ltd., a Cayman Islands exempted company.

Interests in the Funds are not registered under the Securities Act of 1933, as amended (the “Securities Act”), and the Funds are not registered under the Investment Company Act of 1940, as amended (the “Company Act”). Accordingly, interests in the Funds are offered exclusively to investors satisfying the applicable eligibility and suitability requirements either in private placement transactions within the United States or in offshore transactions.

The Adviser acts as the agent for Margate Capital Management LLC, a Delaware Limited Liability Company that serves as general partner to Margate Capital Partners Fund LP. Any and all determinations, decisions, consents or other duties or actions to be described in a Fund's respective limited partnership agreement, as being the determinations, decisions, consents, duties or actions of such general partner may be performed by the Adviser in such capacity.

This brochure generally includes information about the 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 may only apply to specific Clients or affiliates only. This brochure does not constitute an offer to sell or solicitation of an offer to buy any securities.

The descriptions set forth in this brochure of specific advisory services that the Adviser offers to its Clients, and investment strategies that it pursues and investments made by the Adviser on behalf of its Clients, should not be understood to limit in any way the Adviser's investment activities. The Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this brochure, that the Adviser considers appropriate, subject to each Client's investment objectives and guidelines. The investment strategies the Adviser pursues are speculative and

¹ Cowen Investment Management LLC, previously known as Ramius LLC and Cowen Inc., previously known as Cowen Group, Inc. both underwent a legal name change on May 16, 2017.

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 Adviser's investment decisions and advice with respect to its Clients are subject to each Client's investment objectives and guidelines, as set forth in their respective offering documents/investment management agreement, as applicable. The Adviser has full discretionary authority with respect to investment decisions made on behalf of its Clients.

The Adviser does not participate in wrap fee programs.

As of January 1, 2017, the Adviser managed, on a discretionary basis, approximately U.S. 142,000,000 of Client Assets. This number is based on estimated and unaudited information as of such date and is therefore subject to change. For the purpose of calculating Client assets under management (which differs from the Adviser's Regulatory Assets Under Management disclosed in Part 1 of Form ADV), the full value of these assets has been included and can include the committed funding that may not be under the Adviser's control, but forms part of the trading level given to the Adviser by a Client. The Adviser does not currently manage any non-discretionary Client assets.

Item 5. Fees and Compensation

The fees applicable to each Client are set forth in detail in their respective offering document/investment management agreement, as applicable. Generally, Clients pay the Adviser a fee for investment management services (the "Management Fee") and may also be charged a performance-based fee or profit allocation ("Performance Compensation").

Management Fees are based on a percentage of the Client's assets under management at annual rates which generally approximate 1.0% to 1.50%. Management Fees are generally calculated and accrued monthly in arrears and paid to the Adviser quarterly for such period during which the Adviser performed the services to which the fees related.

The Adviser may also receive Performance Compensation from its Clients. Performance Compensation varies with each Client and is described in detail in each Client's respective investment management agreement and/or offering materials, as applicable. Performance Compensation is generally paid annually for the period during which the Adviser performed the services to which such Performance Compensation related. Performance Compensation is generally equal to between 10% and 20% of net realized and unrealized profits for each year after restoration of any losses carried forward from prior years.

For the avoidance of doubt, the Adviser, in its sole discretion, may waive, reduce or rebate any Management Fee or Performance Compensation or calculate such fees differently with respect to any class, sub-class or series of shares or limited partnership or limited liability company interests of any Fund held by or on behalf of any investor, including, without limitation, any employee, agent or affiliate of the Adviser. In addition, Management Fees and/or Performance Compensation may also be calculated differently with respect to, or may not be charged to, certain Managed Accounts including affiliate-owned Managed Accounts.

The Adviser does not require the prepayment of advisory fees by any Client. Performance Compensation is charged in compliance with all applicable requirements of Rule 205-3 under the Investment Advisers Act of 1940, as amended (the "Advisers Act").

As noted above, full details regarding the services, fees, investor suitability standards, and other terms applicable to Clients is included in their respective investment management agreement and/or offering

materials, as applicable. For Managed Accounts that acquire assets on margin, the Adviser may receive Performance Compensation based on the notional amount or trading exposure level of the account. Performance Compensation may vary with each Managed Account and will be described in detail in each Managed Account's investment management agreement.

Direct Expenses

Each Client is responsible for expenses related to its respective operations and activities, including expenses associated with its investment portfolio and, if applicable, its proportionate share of the direct expenses of the third party investment products in which it invests. The direct expenses incurred by each Client, which are outlined in detail in their respective investment management agreement and/or offering materials, as applicable, may vary depending on the nature of the operations and activities of the Client.

Below is a summary of the direct expenses typically borne by each type of Client. The summary is not meant to be a complete list of all direct expenses; nor should it be inferred that each expense appearing in the summary will be incurred by every Client. Clients are advised to read the relevant investment management agreement and/or offering materials, as applicable, for a complete description of applicable direct expenses.

Generally, expenses related to operations and activities include, but are not limited to, the following: organizational and offering expenses (with respect to Funds and any Managed Accounts formed as a "fund-of-one"), fees payable to the Adviser, third-party administrator and other investment expenses (e.g., expenses that the Adviser reasonably determines to be related to the investment of the Client's assets, such as brokerage commissions, expenses relating to short sales, clearing and settlement charges, custodial fees, premiums paid for options, swaptions, and other derivative instruments, bank service fees and interest expenses); operational expenses; expenses incurred with respect to due diligence; investment-related travel expenses; the cost of computer hardware and software to the extent used for research relating to the Client's investments; legal and compliance expenses (including, without limitation, the fees and expenses of attorneys and compliance professionals retained by the Adviser on behalf of the Client as well as the cost of salary and other compensation payable to one or more attorneys or compliance professionals who are employees of the Adviser or one or more of its affiliates, but only to the extent that such cost is attributable to work performed for the benefit of the Client); professional fees (including, without limitation, expenses of consultants and experts) relating to investments; accounting expenses (including the cost of accounting software packages); auditing and tax preparation expenses (whether provided by the employees of the Adviser or another party); costs of printing and mailing reports and notices; taxes; corporate licensing; regulatory expenses (including, whether reported directly by the Client or the Adviser, the costs and expenses related to a Client's U.S. and/or non-U.S. registration, regulatory and self-regulatory filings, reporting, registrations and memberships, and compliance including without limitation the costs of compliance reporting programs, third-party compliance consultants including the costs and expenses associated with complying with the requirements of any new or additional regulatory regime); insurance expenses; expenses incurred in connection with the offering and sale of the interest and other similar expenses related to the Client; and extraordinary expenses incurred by or relating to the Client or its activities and assets. For more information on brokerage costs please see Item 12.

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

The Adviser accepts Performance Compensation from certain Clients. However, it should be noted that Performance Compensation may not be accepted from all Clients. As described above in Item 5, the Adviser may charge certain Clients Performance Compensation in addition to Management Fees which are also described in Item 5 above. Full details regarding the services, fees, investor suitability standards, and other terms applicable to the Client are included in their respective investment management

agreements and/or offering materials, as applicable. Performance Compensation will only be charged in compliance with all applicable requirements of Rule 205-3 under the Advisers Act and the Adviser only accepts Performance Compensation from qualified clients.

The variation of Performance Compensation structures among the Adviser's Clients may create an incentive for the Adviser to direct the best investment ideas to, or to allocate or sequence trades in favor of a Client or Clients that have Performance Compensation obligations or to a Client or Clients that pay a greater level of Performance Compensation than other Clients with lower or no Performance Compensation structure. The Adviser is committed to allocating investment opportunities on a fair and equitable basis and has established policies and procedures to address the conflict of interest described above.

Item 7. Types of Clients

As described above in Item 4, the Adviser's Clients include Funds and Managed Accounts, including an affiliate-owned Managed Account. The Adviser has both U.S. and non-U.S. Clients.

To help the U.S. Government fight the funding of terrorism and money laundering activities, the Adviser may seek to obtain, verify, and record information that identifies each investor who invests in a Client. In this regard, when an investor seeks to open an account or invest in a Fund (including a Managed Account formed as a fund of one), the Adviser may ask for a completed Form W-8/W-9, as applicable, which includes the name, address, Tax ID/Employer ID number (or any other registration number issued in the jurisdiction of location or incorporation) and other reasonably required information that will allow the Adviser to identify the investor. The Adviser may ask for information and documentation regarding source of funds to be invested. The Adviser also reserves the right to ask for more information regarding the individuals who are beneficial owners of the investor and/or exercise control over the investor. The Adviser may ask for the names of such beneficial owners and may also ask for address, date of birth, and other information that will allow the Adviser to identify such beneficial owners. The Adviser may also request such other information as may be necessary to comply with applicable law. Furthermore, the Adviser may verify any of the aforementioned information using third-party sources and may share that information as required by applicable law or in connection with the execution of trades on behalf of that investor. For certain investors, the Adviser may rely on the investor's broker-dealer, administrator, transfer agent, custodian or placement agent to obtain, verify and record the required information.

Managed Accounts formed as a "fund-of-one" and Funds advised by the Adviser may be organized as domestic or offshore (non-U.S.) companies, limited partnerships, limited liability companies, corporate trusts or other legal entities, as determined appropriate by the Adviser.

As a general matter, each Client is managed in accordance with its investment objectives, strategies and guidelines and, unless the Client is a Managed Account, investment advisory services are not tailored to the individualized needs of any particular investor. In addition, an investment in a Fund does not, in and of itself, create an advisory relationship between the investor and the Adviser. Therefore, investors must consider whether such an investment meets their investment objectives and risk tolerance prior to investing. Information about a Client, including its investment risk, is available in its investment management agreement and/or offering materials, as applicable. Certain non-U.S. affiliates may act as placement agents with respect to the distribution of Funds to investors outside the U.S. While this brochure may be provided to, and include information relevant to investors, this brochure is designed solely to provide information about the Adviser and should not be considered to be an offer of interests in any Client.

Typically, each investor in a Fund or Managed Account formed as a “fund-of-one” that is exempt from the registration requirements under the Company Act pursuant to Section 3(c)(7) is required to qualify as a “qualified purchaser” within the meaning of Section 2(a)(51) of the Company Act and is required to certify that it is at least an “accredited investor” within the meaning of Rule 501 of Regulation D under the Securities Act and non-U.S. investors are required to certify that they meet the requirements of the Regulation S safe harbor under the Securities Act; however, where the Adviser does not charge Performance Compensation to a particular Client, investors will only be required to qualify as an “accredited investor” within the meaning of Rule 501 of Regulation D under the Securities Act. As noted above in Item 6, if the Adviser collects Performance Compensation, investors will be required to meet the requirements of Rule 205-3 under the Advisers Act and certify that they are at least a “qualified client.” Please see the Client’s investment management agreement and/or offering materials, as applicable, for specific investor qualifications.

In some cases, a Fund may be considered a commodity pool for which the Adviser is a commodity pool operator that: (i) may be exempt from registration and related requirements pursuant to Commodity Exchange Act (“CEA”) Rule 4.13(a)(3), or other provisions under the CEA and the rules of the Commodities Futures Trading Commission (“CFTC”); or (ii) may be exempt from certain reporting, recordkeeping and disclosure requirements pursuant to Rule 4.7 under the Commodity Exchange Act (“CEA”) and thus requiring the Adviser to register as a commodity pool operator. The Adviser may be required to meet additional requirements in connection with these exemptions. Additionally, investors in a Fund may be subject to certain other eligibility requirements which are set forth in its offering materials. The Adviser’s personnel (including, but not limited to, the Adviser’s investment strategy personnel responsible for the management of a Fund) who are qualified purchasers, “knowledgeable employees” (as defined in Rule 3c-5 under the Company Act) or who meet a Fund’s eligibility criteria and certain other eligible personnel of the Adviser may be offered the opportunity to invest in any commingled Funds formed and offered by the Adviser.

The Funds may utilize a “master-feeder” structure, pursuant to which trading operations reside in a “master fund” while investors access the master fund through one or more “feeder funds” that, in turn, invest in the master fund.

The Adviser and its related persons may invest in and/or serve as general partner or managing member, or on the board of directors or advisory board, of a Client. Affiliates of the Adviser may provide services other than advice (including, but not limited to, administration, organizing and managing the business affairs, executing and reconciling trades, preparing financial statements and providing audit support, preparing tax related schedules or documents, legal and compliance support, and sales and investor relations support, diligence and valuation services) to such Client, in some cases for a fee separate and apart from the advisory fee. A Fund or Managed Account (formed as a “fund-of-one”) may pay or reimburse the Adviser for certain organizational and initial offering expenses and operating expenses related to the Fund or Managed Account.

With respect to Managed Accounts, the minimum investment is determined on a case by case basis and with respect to Funds, the minimum investment is generally \$1 million; provided that in each case the Adviser may accept lesser amounts in its discretion.

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

The descriptions provided herein regarding the investment strategies pursued and investments made by the Adviser on behalf of its Clients should not be understood to limit in any way the Adviser's investment activities. The Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described herein, that the Adviser considers appropriate, subject to each

Client's investment objectives and guidelines. The investment strategies the 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.

Methods of Analysis and Investment Strategies

The Adviser may engage in one or more of a number of strategies with respect to its Clients, including but not limited to: long and short equity positions; equity-oriented positions and market hedging. The Advisor seeks to achieve its Clients' investment objectives primarily by investing in equities, exchange traded options and exchange traded funds (in each case both long and short) with a primary focus on the media, technology, communications, consumer discretionary and consumer staples sectors, primarily in U.S. equity markets and selectively in international equity markets. There are no anticipated restrictions on the types of trading activities the Adviser will be permitted to undertake.

In addition, the Adviser may utilize financial leverage to the extent its use fits within a Client's investment objectives and guidelines and/or enter into various derivative instruments including, but not limited to, warrants, options, forwards, swaps and futures contracts on behalf of its Clients. The foregoing is only an attempt to summarize the strategies and securities/instruments that may be utilized on behalf of the Adviser's Clients. As the market environment continues to change, the Adviser may engage in techniques and purchase instruments that are not even mentioned in a Client's offering materials and/or investment management agreement (as applicable) if the Adviser, in its discretion, finds the new activity or instrument appropriate for the Client. The Adviser may obtain advice from attorneys, accountants and other experts to assist in its analysis of various asset classes that it trades.

Investments in the Clients entail a number of risks. There can be no assurance that the investment programs of the Clients will prove successful, and certain investment practices can, in some circumstances, potentially increase any adverse impact on the Clients' investment portfolios. The Adviser's risk management approach seeks to isolate and mitigate, not eliminate, risk and there may be certain risks that the Adviser determines should not or cannot be hedged against. Accordingly, the Adviser's activities could result in substantial losses under certain circumstances. Investing in securities involves risk of loss that investors should be prepared to bear.

PAST PERFORMANCE RESULTS ARE NOT INDICATIVE OF FUTURE PERFORMANCE. NO ASSURANCE CAN BE MADE THAT PROFITS WILL BE ACHIEVED OR THAT SUBSTANTIAL LOSSES WILL NOT BE INCURRED.

Investments in the Clients entail a number of risks. The risks discussed below are those that Clients may be exposed to directly or indirectly. Certain risks apply specifically to particular investment strategies or investments in different types of securities or other investments that a Client (and its investors/beneficial owners) should be prepared to bear. There can be no assurance that the investment programs of the Clients will prove successful, and certain investment practices can, in some circumstances, potentially increase any adverse impact on the Clients' investment portfolios. The Adviser's risk management approach seeks to isolate and mitigate, not eliminate, risk and there may be certain risks that the Adviser determines should not or cannot be hedged against. Accordingly, the Adviser's activities could result in substantial losses under certain circumstances. The risks involved will vary based on each respective investment strategy and the type of securities or other investments held in a Client's account.

CERTAIN RISK FACTORS

The following risk factors and conflicts of interest do not purport to be a complete list or explanation of all the risks and conflicts of interest associated with the strategy the Adviser intends to pursue on behalf

of its Clients, the Adviser's method of analysis or types of investment instruments potentially utilized; nor should it be inferred that each risk factor and conflict of interest appearing below will be faced by every Client. Clients are advised to read the relevant investment management agreement and/or offering document, as applicable, for a more complete description of applicable risks.

Dependence on the Adviser. There can be no assurance that a Client will achieve its investment objective. Although certain of the Adviser's investment professionals have participated in the management of other investment funds and accounts, the past performance of such other investment funds and accounts cannot be relied upon as an indicator of a Client's own success. Investors must rely upon the ability of the Adviser and the Adviser's investment professionals in identifying and implementing investments consistent with each Client's investment objective and policies. A Client's investment performance depends largely on the skill of key personnel of the Adviser. If key personnel were to leave the Adviser, the Adviser might not be able to find equally desirable replacements, and the performance of a Client could, as a result, be adversely affected.

Investment Risks. An investment in a Client involves a high degree of investment risk, including the risk that the entire amount invested may be lost. A Client will make investments using strategies and financial techniques with significant risk characteristics. No guarantee is made that the investment objectives will be realized. Below is a list of potential investment risk factors. There is no guarantee that this is a complete list of the risks, that a Client will be able to control investment risks or that the risks will not aggregate in a manner adverse to a Client. The risks associated with particular investments include, but are not limited to, the risks outlined in the following paragraphs.

Risks Related to the Consumer Sector. To the extent that a Client's investments are exposed to issuers conducting business in the consumer or consumer-related sector, a Client is subject to legislative or regulatory changes, adverse market conditions and/or increased competition affecting the consumer sector. The consumer sector encompasses anything that touches the consumer including all retailers, wholesalers, gaming/lodging/leisure, restaurants, supermarkets and drugstores, homebuilders and building products, household and personal care products, food and agriculture, ecommerce and internet, education, media and technology, light industrials, automotive, and transportation. The prices of the securities of these companies may fluctuate widely due to consumer spending, which is affected by general economic conditions and consumer confidence levels. The industry is highly competitive, and a company's success is often tied to its ability to anticipate and react to changing consumer tastes. Many of these companies may be thinly capitalized, and are dependent upon a relatively few number of business days to achieve their overall results. In addition, the performance of some of these companies has historically been affected by interest rates, competition, the cost of real estate, commodity and labor costs, and relative levels of disposable household income and seasonal consumer spending. Changes in demographics and consumer tastes can also affect the demand for, and success of, consumer products in the marketplace.

Risks Related to Investments in the Media Industry. The Adviser invests in media-related assets. Companies in the media industry may encounter distressed cash flows due to the need to commit substantial capital to meet increasing competition, particularly in formulating new products and services using new technology. Media companies are subject to risks that include cyclicity of revenues and earnings, a potential decrease in the discretionary income of targeted individuals, changing consumer tastes and interests, competition in the industry and the potential for increased state and federal regulation. Advertising spending is an important source of revenue for media companies. During economic downturns, advertising spending typically decreases and, as a result, media companies tend to generate less revenue.

Risks Related to Investments in the Technology Sector. A significant portion of a Client's investments may be concentrated in equity and equity-related securities of technology-oriented companies. These companies will generally be small and less-seasoned and their equity securities will tend to be more volatile than the overall stock market. As a result, events affecting these companies – for example, intellectual property issues (including litigation over proprietary rights to technology), product roll-out delays or failures, rapid obsolescence, constant technical innovation, shifting technical standards, disproportionately large research budgets, marketing expenses and market penetration by competitors and the inability to attract and retain qualified technical and managerial employees – will affect the value of a Client's portfolio.

Risks Related to Investments in the Communications Sector. Communications companies are undergoing changes, mainly due to evolving levels of governmental regulation or deregulation as well as the development of communication technologies. Competitive pressures within the communications industry are intense and the securities or instruments of communications companies may be subject to significant price volatility. In addition, because the communications industry is subject to significant changes in technology, the companies that a Client may invest in will face competition from technologies being developed or to be developed in the future by other entities, which may make such companies' products and services obsolete.

Financial Market Fluctuations. General fluctuations in the market prices of securities may affect the value of the investments held by a Client. Instability in the securities markets will also likely increase the risks inherent in a Client's investments. There is no guarantee that ordinary and prudent precautions for natural and other disasters will provide an effective connection between the Adviser and markets in the event of large-scale disruptions in the United States or, alternatively, in the countries where the Adviser executes trades.

Equity Risk. The market price of securities owned by a Client may go up or down, sometimes rapidly or unpredictably. Clients are subject to the risk that the equity securities in each of their portfolios will decline in value due to factors affecting equity securities markets generally or particular industries represented in those markets. The values of equity securities may decline due to general market conditions, which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. Such values may also decline due to factors that affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Other risks of investing globally in equity securities may include changes in currency exchange rates, exchange control regulations, expropriation of assets or nationalization, imposition of withholding taxes and difficulty in obtaining and enforcing judgments against non-U.S. entities. In addition, securities which the Adviser believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the time frame the Adviser anticipates. As a result, a Client may lose all or substantially all of its investment in any particular instance.

ETFs. The Adviser may invest in exchange-traded funds ("ETFs"). ETFs are hybrid investment companies that may be registered as open-end investment companies or unit investment trusts ("UITs") but possess some of the characteristics of closed-end funds. ETFs in which a Client may invest typically hold a portfolio of common stocks that is intended to track the price and dividend performance of a particular index. A Client may also invest in actively-managed ETFs. Common examples of ETFs include S&P Depositary Receipts ("SPDRs"), Vanguard ETFs and iShares, which may be purchased from the UIT or investment company issuing the securities or in the secondary market (SPDRs, Vanguard ETFs and iShares are predominantly listed on the NYSE Arca). The market price for ETF shares may be higher or lower than the ETF's net asset value. The sale and redemption prices of ETF shares purchased from

the issuer are based on the issuer's net asset value. Investments in ETFs entail certain additional risks. Investments in ETFs involve the risk that the ETF's performance may not track the performance of the index (if any) the ETF is designed to track. Unlike an index, an ETF incurs administrative expenses and transaction costs in trading securities. In addition, the timing and magnitude of cash inflows and outflows from and to investors buying and redeeming shares in the ETF could create cash balances that cause the ETF's performance to deviate from the index (which remains "fully invested" at all times). Performance of an ETF and the index it is designed to track also may diverge because the composition of the index and the securities held by the ETF may occasionally differ. In addition, ETFs often use derivatives to track the performance of the relevant index and, therefore, investments in those ETFs are subject to the same derivatives risks discussed herein.

Options Risks. The market price of an option is affected by many factors, including changes in the market prices or dividend rates of underlying securities (or in the case of indices, the securities in such indices); the time remaining before expiration; changes in interest rates or exchange rates; and changes in the actual or perceived volatility of the relevant stock market and underlying securities. The market price of an option also may be adversely affected if the market for the option becomes less liquid. In addition, since an American-style option allows the holder to exercise its rights any time before the option's expiration, the writer of an American-style option has no control over when it will be required to fulfill its obligations as a writer of the option. (The writer of a European-style option is not subject to this risk since the holder may only exercise the option on its expiration date.) If a Client writes a call option and does not hold the underlying security or instrument, the amount of the Client's potential loss is theoretically unlimited. National securities exchanges generally have established limits on the maximum number of options an investor or group of investors acting in concert may write. The Fund, the Adviser, and other Clients will likely constitute such a group. When applicable, these limits restrict a Client's ability to purchase or write options on a particular security.

Lack of Liquidity in Markets. The markets for many securities and other investments are thinly traded from time to time. This lack of liquidity and market depth could disadvantage a Client, both in the realization of the prices which are quoted and in the execution of orders at desired prices or in desired quantities. Also, U.S. and non-U.S. securities exchanges and the SEC and other regulatory authorities have authority to suspend trading in a particular security without notice.

Concentration of Investments. Subject to applicable limitations in the offering document/investment management agreement, as applicable, a Client's assets may not be diversified. Any such non-diversification would increase the risk of loss to a Client if there were a decline in the market value of any security or sector in which such Client had invested a large percentage of its assets. Investment in a non-diversified fund will generally entail greater risks than investments in a diversified fund.

Availability of Investment Strategies. The success of a Client's investment and trading activities will depend on the ability of the Adviser (including members of the investment team) to identify overvalued and undervalued investment opportunities and to exploit price discrepancies in the U.S. equity markets. Identification and exploitation of the investment strategies to be pursued by a Client involves a high degree of uncertainty. No assurance can be given that the Adviser (including members of the investment team) will be able to identify suitable investment opportunities in which to deploy all of a Client's capital. A reduction in overall market volatility and liquidity, as well as other market factors, may reduce the pool of profitable investment strategies for a Client.

Depository Receipts. A Client may invest in American Depositary Receipts ("ADRs"), Global Depositary Receipts ("GDRs") and European Depositary Receipts ("EDRs") or other similar securities representing ownership of non-U.S. securities (collectively, "Depository Receipts") if issues of such Depository Receipts are available that are consistent with a Client's investment objective. Depository

Receipts generally evidence an ownership interest in a corresponding non-U.S. security on deposit with a financial institution. Transactions in Depositary Receipts usually do not settle in the same currency as the underlying securities are denominated or traded. Generally, ADRs are designed for use in the U.S. securities markets and EDRs are designed for use in European securities markets. GDRs may be traded in any public or private securities markets and may represent securities held by institutions located anywhere in the world. GDRs and other types of Depositary Receipts are typically issued by non-U.S. banks or trust companies, although they may be issued by U.S. financial institutions, and evidence ownership interests in a security or pool of securities issued by either a non-U.S. or a U.S. corporation. Because the value of a Depositary Receipt is dependent upon the market price of an underlying non-U.S. security, Depositary Receipts are subject to most of the risks associated with investing in non-U.S. securities directly. Depositary Receipts may be issued as sponsored or unsponsored programs. Depositary Receipts may also be subject to liquidity risk.

Significant Positions in Securities; Regulatory Requirements. In the event a Client acquires a significant stake in certain issuers of securities and such stake exceeds certain percentage or value limits, the Client may be subject to regulation and regulatory oversight that may impose notification and filing requirements or other administrative burdens on the Client and the Adviser. Any such requirements may impose additional costs on the Client and may delay the acquisition or disposition of the securities or the Client's ability to respond in a timely manner to changes in the markets with respect to such securities. In addition, "position limits" may be imposed by various regulators that may limit a Client's ability to effect desired trades. Position limits are the maximum amounts of gross, net long or net short positions that any one person or entity may own or control in a particular issuer's securities. All positions owned or controlled by the same person or entity, even if in different accounts, may be aggregated for purposes of determining whether the applicable position limits have been exceeded. To the extent that a Client's position limits were aggregated with an affiliate's position limits, the effect the Client and resulting restriction on its investment activities may be significant. If at any time positions managed by the Adviser were to exceed applicable position limits, the Adviser would be required to liquidate positions, which might include positions of a Client, to the extent necessary to come within those limits. Further, to avoid exceeding any position limits, a Client might have to forego or modify certain of its contemplated trades. In addition, if a Client, acting alone or as part of a group, acquires beneficial ownership of more than 10% of a certain class of securities of a public company or places a director on the board of directors of such a company, under Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Client may be subject to certain additional reporting requirements and may be required to disgorge certain short-swing profits arising from purchases and sales of such securities. Furthermore, in such circumstances the Client will be prohibited from entering into a short position in such issuer's securities, and therefore limited in its ability to hedge such investments. Similar restrictions and requirements may apply in non-U.S. jurisdictions

Investment in Illiquid Securities. While Clients are expected to hold liquid investments, the Adviser may invest in private or restricted securities or investments (as determined by the Adviser in its sole discretion). Assets and liabilities for which no market prices are available will generally be carried on the books of a Client at fair value in accordance with GAAP, unless otherwise determined by the Adviser. There is no guarantee that such valuation will represent the value that will be realized by the Client on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment. Illiquid assets that a Client may invest in include privately placed securities that are not registered under the Securities Act, and may have little or no trading market. In addition, a Client may not be able to readily dispose of such investments, and, in some cases, may be contractually prohibited from disposing of such securities for a specified period of time. These limitations on liquidity of a Client's investments could prevent a successful sale thereof, result in delay of any sale, or reduce the amount of proceeds that might otherwise be realized.

Investment in Non-U.S. Securities. The Adviser may cause a Client to invest from time to time in non-U.S. securities. Such investments may be subject to a greater risk than U.S. investments due to non-U.S. economic, political and legal developments, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of non-U.S. tax filing obligations and additional taxes on dividends, interest payments, capital gains or other income, the need for approval by government or other authorities to make investments, and possible difficulty in obtaining and enforcing judgments against non-U.S. entities and other factors beyond the control of the Adviser. Furthermore, issuers of non-U.S. securities are subject to different, often less comprehensive accounting, reporting or disclosure requirements than U.S. issuers. The securities markets of some countries in which a Client may invest have substantially less volume than those in the United States, and securities of certain companies in these countries are less liquid and more volatile than securities of comparable U.S. companies. Accordingly, these markets may be subject to greater influence by adverse events generally affecting the market, and by large investors trading significant blocks of securities, than is usual in the United States. Brokerage commissions and other transaction costs on securities exchanges in non-U.S. countries are generally higher than in the United States. Non-U.S. securities settlements may in some instances be subject to delays and related administrative uncertainties. In some countries, there are restrictions on investments or investors such that the only practicable way for a Client to invest in such markets is by entering into swaps or other derivative transactions with its prime brokers or others. Such transactions involve counterparty risks that are not present in the case of direct investments and which may not be controllable by the Adviser. In addition, the tax laws of some non-U.S. jurisdictions in which a Client may invest are unclear and interpretations of such laws can change over time, including on a retroactive basis. Similarly, provisions in the tax treaties of such non-U.S. jurisdictions may change over time, which changes could impact a Client's and/or an investor's eligibility for treaty benefits, if any. As a result, in order to comply with guidance related to the accounting and disclosure of uncertain tax positions under GAAP, a Client may be required to accrue for book purposes certain non-U.S. taxes, interest or penalties in respect of its non-U.S. securities or other non-U.S. investments that it may or may not ultimately pay. The amounts of such accruals will be determined by the Adviser, in its sole discretion. Such tax accruals will reduce the net asset value of a Shareholder's Participating Shares at the time accrued, even though, in some cases, the Fund ultimately will not pay the related tax liabilities. Conversely, the net asset value of an investor's participating shares/interests will be increased by any tax accruals that are ultimately reversed.

Currency Risk and Related Hedging. The investments of a Client that are not denominated in the U.S. dollar are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. Officials in foreign countries may, from time to time, take actions in respect of their currencies that could significantly affect the value of a Client's assets denominated in those currencies or the liquidity of such investments. For example, a foreign government may unilaterally devalue its currency against other currencies, which would typically have the effect of reducing the U.S. dollar value of investments denominated in that currency. A foreign government may also limit the convertibility or repatriation of its currency or assets denominated in that currency. The Adviser generally expects to hedge a Client's exposure to currencies other than the U.S. dollar, and may do so through foreign currency futures contracts and options thereon, forward foreign currency exchange contracts, swaps or any combination thereof, but there can be no assurance that such hedging strategies will be implemented, or if implemented, will be effective. While a Client may enter into currency hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Client than if it had not engaged in such hedging transactions. For a variety of reasons, the Adviser may not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent a Client from achieving the intended hedge or expose a Client to risk of loss.

Current Economic Conditions in European Countries. Certain European countries, including Greece, Ireland, Italy, Portugal and Spain, are currently experiencing varying degrees of financial distress. Risks from the debt crisis in Europe could result in a disruption of the financial markets, which could have a detrimental impact on global economic conditions. Recently, contagion fears have expanded to Spain and Italy, and credit spreads widened further in European peripheral countries and European banks. There remains considerable uncertainty as to future developments in the European debt crisis and the impact on global financial markets. A significant deterioration of the European debt crisis could result in material reductions in the value of sovereign debt and other asset classes, disruptions in capital markets, widening of credit spreads, loss of investor confidence in the financial services industry, a slowdown in global economic activity, and other adverse developments that could negatively impact the performance of a Client.

Market Disruption and Geopolitical Risk. A Client is subject to the risk that war, terrorism, and related geopolitical events may lead to increased short-term market volatility and have adverse long-term effects on the U.S. and world economies and markets generally, as well as adverse effects on issuers of securities and the value of a Client's investments. War, terrorism, and related geopolitical events have led, and in the future may lead, to increased short-term market volatility and may have adverse long-term effects on U.S. and non-U.S. economies and markets generally. Those events, as well as other changes in U.S. and non-U.S. economic and political conditions, also could adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment and other factors affecting the value of a Client's investments. At such times, a Client's exposure to a number of other risks described elsewhere in this section can increase.

Portfolio Turnover. The Adviser has not placed any limit on the rate of portfolio turnover for any Client, and portfolio investments held by a Client may be sold without regard to the length of time they have been held when, in the opinion of the Adviser, investment considerations warrant such action. This could result in frequent trading. A high rate of portfolio turnover involves correspondingly greater expenses than a lower rate, may act to reduce a Client's investment gains, may create a loss for investors and may result in increased taxable costs for investors, depending on the tax provisions applicable to such investors.

Valuation. Securities that the Adviser believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the time frame the Adviser anticipates. In particular, purchasing securities at prices that the Adviser believes to be distressed or below fair value is no guarantee that the price of such securities will not decline even further.

Short Sales. A Client may engage in short selling of securities, currencies or indices, including all forms of derivatives. A short sale will result in a gain if the price of the instrument sold declines sufficiently between the time of the short sale and the time at which another is purchased to replace it. A short sale will result in a loss if the price of the instrument sold short increases or does not decline sufficiently to cover transaction costs. Short sales on equities may expose the Client to theoretically unlimited losses, due to the lack of an upper limit on the price to which an investment can rise. Any gain would be decreased and any loss would be increased by the amount of any premium or interest which the Client may be required to pay with respect to the borrowed instrument.

Leverage. Although the Adviser generally does not intend to borrow to acquire long positions, the Adviser has the authority to utilize leverage in investing a Client's assets, including through engaging in trading on margin by borrowing funds and pledging securities as collateral. While such use of borrowed funds increases returns if the Client earns a greater return on the incremental investments purchased with borrowed funds than it pays for such funds, the use of leverage decreases returns if the Client fails to earn as much on such incremental investments as it pays for such funds. The effect of leverage may therefore

result in a greater decrease in the net asset value of a Client than if a Client were not so leveraged. Any use by a Client of short-term margin borrowings will result in certain additional risks to a Client. For example, the securities pledged to brokers to secure a Client's margin accounts could be subject to a "margin call," pursuant to which a Client would be required to either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. A sudden, precipitous drop in value of a Client's assets accompanied by corresponding margin calls could force a Client to liquidate assets quickly, and not for what the Adviser perceives to be their fair value, in order to pay off its margin debt. In addition, a Client may engage in certain derivative transactions which implicitly contain leverage and subject the Client to the same risks discussed above.

Risks of Derivative Instruments. The Adviser may engage in a variety of derivative transactions. All derivative instruments, including options, forward contracts and swap contracts involve risks different from, and, in certain cases, greater than the risks presented by more traditional investments.

Many derivative instruments are subject to documentation risk. Because the contract for each over-the-counter derivative transaction is individually negotiated with a specific counterparty, there exists the risk that the parties may interpret contractual terms (*e.g.*, the definition of default) differently when a Client seeks to enforce its contractual rights. If that occurs, the cost and unpredictability of the legal proceedings required for a Client to enforce its contractual rights may lead the Client to decide not to pursue its claims against the counterparty. Also, payment amounts calculated in connection with standard industry conventions for resolving contractual issues (*e.g.*, ISDA Protocols and auction processes) may be different than would be realized if a counterparty were required to comply with the literal terms of the derivatives contract (*e.g.*, physical delivery). In addition, the literal terms of an over-the-counter contract may be applied in ways that are at odds with the investment thesis behind the decision to enter into the contract.

Because many derivatives have a leverage component, adverse changes in the value or level of the underlying asset, rate or index may result in a loss substantially greater than the amount invested in the derivative itself. In the case of swaps, the risk of loss generally is related to a notional principal amount, even if the parties have not made any initial investment. Certain derivatives have the potential for unlimited loss, regardless of the size of the initial investment.

In addition, many derivatives, in particular over-the-counter derivatives, are complex and often valued subjectively, which increases the risk of mispricing or improper valuation, and there can be no assurance that the pricing models employed by the Adviser will produce valuations that are reflective of levels at which such over-the-counter derivatives may actually be closed out or sold. This valuation risk may be more pronounced in cases where a Client enters into over-the-counter derivatives with specialized terms. Improper valuations may result in increased cash payment requirements to counterparties, under collateralization, errors in the calculation of a Client's net asset value and/or a loss of value to a Client. Furthermore, derivatives do not perfectly track the value of the assets, rates or indices they are designed to track. The risk may be more pronounced when outstanding notional amounts in the market exceed the amounts of the referenced assets. As further described herein, derivatives are also subject to other risks, including but not limited to market, management, counterparty documentation, liquidity and leverage risks.

Cleared Derivative Transactions. Certain derivatives transactions that may be used by a Client, including certain interest rate swaps and certain credit default index swaps, will be required to be cleared. In a cleared derivatives transaction, a Client's counterparty to the transaction is a central derivatives clearing organization, or clearing house, rather than a bank or broker. Since the Adviser is not a member of a clearing house, and only members of a clearing house can participate directly in the clearing house, Clients will hold cleared derivatives transactions through accounts at clearing members, who are futures

commission merchants who are members of the clearing houses. A Client will make and receive payments owed under cleared derivatives transactions (including margin payments) through its accounts at clearing members. A Client's clearing members guarantee a Client's performance of its obligations to the clearing house. In contrast to bilateral derivatives transactions, following a period of advance notice to a Client, clearing members can generally require termination of existing cleared derivatives transactions at any time and increase the amount of margin required to be provided by a Client to the clearing member for any cleared derivatives transaction above the amount of margin that was required at the beginning of the transaction. Any such termination or increase could interfere with the ability of a Client to pursue its investment strategy. Also, a Client is subject to execution risk if it enters into a derivatives transaction that is required to be cleared (or which the Adviser expects to be cleared), and no clearing member is willing to clear the transaction on a Client's behalf. In that case, the transaction might have to be terminated, and a Client could lose some or all of the benefit of any increase in the value of the transaction after the time of the trade.

Other Instruments and Future Developments. A Client may take advantage of opportunities in the area of swaps, options on various underlying instruments and swaptions and certain other customized "synthetic" or derivative investments in the future. In addition, a Client may take advantage of opportunities with respect to certain other "synthetic" or derivative instruments which are not presently contemplated for use by a Client or which are currently not available, but which may be developed to the extent such opportunities are both consistent with a Client's investment objective and legally permissible for a Client. Special risks may apply to a Client's investments in the future.

Counterparty Risk. A Client is exposed to counterparty risk to the extent it uses "over-the-counter" derivatives, enters into repurchase agreements, lends its portfolio securities or allows a prime broker, if any, or an over-the-counter derivative counterparty to retain possession of collateral. If a counterparty fails to meet its contractual obligations, goes bankrupt, or otherwise experiences a business interruption, a Client could miss investment opportunities or otherwise hold investments it would prefer to sell, resulting in losses for a Client. Certain markets in which a Client may effect transactions are "over-the-counter" or "interdealer" markets, and may also include unregulated private markets. The lack of a common clearing facility creates counterparty risk. The participants in such markets typically are not subject to the same level of credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes the investor to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing a Client to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a Client has concentrated its transactions with a single or small group of counterparties. A Client may also be exposed to similar risks with respect to non-U.S. brokers in jurisdictions where there are delayed settlement periods.

There can be no assurance that a counterparty will be able or willing to make timely settlement payments or otherwise meet its obligations, especially during unusually adverse market conditions. A Client typically may only close out over-the-counter transactions with the relevant counterparty, and may only transfer a position with the consent of the particular counterparty. When a counterparty's obligations are not fully secured by collateral, then a Client is essentially an unsecured creditor of the counterparty. If the counterparty defaults, a Client will have contractual remedies, but there is no assurance that a counterparty will be able to meet its obligations pursuant to such contracts or that, in the event of default, a Client will succeed in enforcing contractual remedies. Counterparty risk is still present even if a counterparty's obligations are secured by collateral because a Client's interest in collateral may not be perfected or additional collateral may not be promptly posted as required. To the extent a Client allows a prime broker, if any, or any over-the-counter derivative counterparty to retain possession of any collateral, a Client may be treated as an unsecured creditor of such counterparty in the event of the

counterparty's insolvency. Counterparty risk also may be more pronounced if a counterparty's obligations exceed the amount of collateral held by a Client (if any), a Client is unable to exercise its interest in collateral upon default by the counterparty, or the termination value of the instrument varies significantly from marked-to-market value of the instrument.

A Client will be exposed to the credit risk of its counterparties and may also bear the risk of settlement default. For example, although the seller under a repurchase agreement will be required to maintain the value of the securities subject to the agreement in an amount exceeding the repurchase price, default by the seller would expose a Client, as buyer, to possible loss due to adverse market action or delay in connection with the disposal of the underlying obligations. Conversely, where a Client acts as seller under a repurchase agreement it is exposed to the risk of the buyer defaulting in its obligation to return the securities when it is required to do so, and a Client could realize a loss on the purchase of the underlying security to the extent that the purchase price of the underlying security is greater than the cash collateral posted by the buyer. In addition, if the seller becomes involved in bankruptcy or litigation proceedings, a Client may incur delay and costs in selling the underlying security or may suffer a loss of principal and interest if a Client is treated as an unsecured creditor and is required to return the underlying collateral to the seller's estate.

Securities purchased or sold on a "when-issued" or "delayed delivery" basis involve a risk of loss if the value of the securities to be purchased declines prior to the settlement date or if the value of the securities to be sold increases prior to a settlement date. Loans of securities also involve risks of delay in receiving additional collateral or in recovering the securities loaned, or possibly loss of rights in the collateral, should the borrower of the securities become insolvent.

Additionally, a Client may be exposed to documentation risk, including the risk that the parties may disagree as to the proper interpretation of the terms of a contract (*e.g.*, the definition of default). If a dispute occurs, the cost and unpredictability of the legal proceedings required for a Client to enforce its contractual rights may lead a Client to decide not to pursue its claims against the counterparty. A Client, therefore, may be unable to obtain payments the Adviser believes are owed to it under over-the-counter derivatives contracts or those payments may be delayed or made only after a Client has incurred the costs of litigation.

Due to the nature of a Client's investments, a Client may invest in derivatives and/or execute a significant portion of its securities transactions through a limited number of counterparties and events that affect the creditworthiness of any of those counterparties may have a pronounced effect on a Client. In addition, the creditworthiness of a counterparty may be adversely affected by larger than average volatility in the markets, even if the counterparty's net market exposure is small relative to its capital. The Adviser evaluates the creditworthiness of the counterparties to a Client's transactions or their guarantors at the time a Client enters into a transaction. A Client is not restricted from dealing with any particular counterparty or from concentrating any or all transactions with one counterparty. The ability of a Client to transact business with any one of a number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by a Client.

Counterparty risk may be further complicated by recently enacted U.S. financial reform legislation which includes provisions for new clearing, margin and reporting requirements for derivatives transactions and new restrictions on the types of derivatives transactions that can be entered into by certain financial companies. The ultimate impact of these regulatory changes remains unclear because much is left to rule making by the CFTC and the SEC, however, these new requirements could mean that a Client will face less creditworthy counterparties on certain derivatives transactions. Also, the new legislation may limit the flexibility of a Client to protect its interests in the event of an insolvency of a derivatives counterparty

because of powers granted to clearinghouses and to the Federal Deposit Insurance Corporation to limit or delay close-out of derivatives positions of insolvent clearing members or financial companies and to transfer such positions to other entities.

Custodial Risk. A Client's prime brokers have custody of such Client's securities, cash, distributions and rights accruing to the Client's securities accounts. SEC rules require prime brokers to maintain physical possession and control of fully paid securities held in a Client's account and to establish certain reserves for the benefit of customers. However, subject to these limitations, the prime brokers generally have the ability to loan, pledge, and rehypothecate the securities in a Client's account, as is typical market practice, and may have insufficient assets to meet all of its obligations to customers in the event of an insolvency of the prime brokers. In such an event, a Client would typically not have a right to recover its securities held by the prime brokers, but would rather have only an unsecured claim against the prime brokers and participate *pro rata* with other customers of the prime brokers in the proceeds of the sale of customer securities. Also, even if the prime brokers do have sufficient assets to meet all customer claims, there could be a delay before a Client receives assets to satisfy its claims. In order to manage the risks associated with prime broker insolvency, a Client may establish relationships with multiple prime brokers. However, there can be no assurance that a Client will be able to establish or maintain such relationships. In addition, a Client may not be able to identify potential solvency concerns with respect to a Client's prime brokers or to transfer assets from one prime broker to another prime broker in a timely manner.

The prime brokers may hold a Client's securities through third parties such as clearing corporations, other brokers or banks. In addition, a Client may hold securities, cash and other assets directly with banks or other third parties not associated with the prime brokers. As a result, a Client may be subject to credit risk with respect to such third parties, as well as with respect to the prime brokers. In addition, certain of a Client's assets may be held by non-U.S. affiliates of a Client's prime brokers and entities other than the prime brokers. Assets held by such non-U.S. affiliates may be subject to legal regimes that provide fewer or different investment protections than the U.S. If a Client has over-collateralized derivative contracts, it is likely to be an unsecured creditor of any such counterparty in the event of its insolvency. Also, even if a Client's prime broker or such other third parties do have sufficient assets to meet all claims, there could be a delay before a Client receives assets to satisfy its claims.

A Client may change the brokerage arrangements at any time without notice to the investors. There are likely to be operational and other delays associated with changes in prime brokerage arrangements.

Swaps. The Adviser may utilize swaps and other derivative transactions to some degree where it believes it will further the objectives of a Client. Notional amounts of swap transactions are not subject to any limitations, and swap contracts may expose a Client to unlimited risk of loss. Swaps may be used as an alternative to futures contracts. To the extent a Client invests in repos, swaps, forwards, futures, options and other "synthetic" or derivative instruments, counterparty exposures can develop and the Client takes the risk of nonperformance by the other party on the contract. This risk may differ materially from those entailed in exchange-traded transactions which generally are supported by guarantees of clearing organizations, daily marking-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. In the international securities markets, the existence of less mature settlement structures and systems can result in settlement default and exposure to counterparty credits.

Futures and Related Options. A Client may buy and sell futures contracts and related options. A futures contract is an agreement between two parties to buy and sell a specific quantity of a commodity (including a securities index or an interest-bearing security) for a set price at a future date. A Client may also buy

and sell call and put options on futures or on securities indexes in addition to or as an alternative to purchasing or selling futures contracts, or, to the extent permitted by applicable law, to earn additional income. The use of futures and options involves certain special risks. Futures and options transactions involve costs and may result in losses. Certain risks arise because of the possibility of imperfect correlations between movements in the prices of futures and options and movements in the prices of the underlying securities, securities index, currencies or other commodities or of the securities or currencies in a Client's portfolio which are the subject of the hedge (to the extent the Client uses futures and options for hedging purposes). The successful use of futures and options further depends on the Adviser's ability to forecast market or interest rate movements correctly. Other risks arise from a Client's potential inability to close out its futures or options positions, and there can be no assurance that a liquid secondary market will exist for any futures contract or option at a particular time. The use of futures and options for purposes other than hedging is regarded as speculative. Certain regulatory requirements may also limit a Client's ability to engage in futures and options transactions.

Other Instruments and Future Developments. The Adviser may take advantage of opportunities in the area of swaps, options on various underlying instruments and swaptions and certain other customized synthetic or derivative investments in the future. In addition, the Adviser may take advantage of opportunities with respect to certain other synthetic or derivative instruments that are not presently contemplated for use by a Client or that are currently not available, but which may be developed to the extent such opportunities are both consistent with such Client's investment objective and legally permissible for the Client. Special risks may apply to a Client's investments in the future.

Cash and Other Investments. The Advisor may cause the Client to invest all or a portion of its assets in cash or cash items, for investment purposes, pending other investments or as provision of margin for futures or forward contracts. These cash items must be of high quality at the time of investment and may include a number of money market instruments such as negotiable or non-negotiable securities issued by or short-term deposits with the U.S. and non-U.S. governments and agencies or instrumentalities thereof, bankers' acceptances, high quality commercial paper, repurchase agreements, bank certificates of deposit and short-term debt securities of U.S. or non-U.S. issuers deemed to be creditworthy by the Adviser. A Client may also hold interests in investment vehicles that hold cash or cash items. While investments in cash items generally involve relatively low risk levels, they may produce lower than expected returns and could result in losses. Investments in cash items and money market funds may also provide less liquidity than anticipated by the Adviser at the time of investment.

Legal and Regulatory Changes. Legal, tax and regulatory changes could occur that may adversely affect a Client. New (or revised) laws or regulations or interpretations of existing laws may be issued by the IRS, the CFTC, the SEC, the Federal Reserve or other banking regulators, or other governmental regulatory authorities or self-regulatory organizations that supervise the financial markets that could adversely affect a Client. A Client also may be adversely affected by changes in the enforcement or interpretation of existing statutes and rules by these governmental regulatory authorities or self-regulatory organizations. For example, there has been an increase in governmental, as well as self-regulatory, scrutiny of the alternative investment industry. It is impossible to predict what, if any, changes in regulations may occur, but any regulation that restricts the ability of a Client to trade in securities could have a material adverse impact on a Client's performance.

In addition, the securities and futures markets are subject to comprehensive statutes, regulations, and margin requirements. The CFTC, the SEC, the Federal Deposit Insurance Corporation, other regulators, and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of securitization and derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action.

In addition, the U.S. government has enacted legislation that provides for new regulation of the derivatives market, including clearing, margin, reporting, and registration requirements. The CFTC, SEC and other federal regulators have been tasked with developing the rules and regulations enacting the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The European Union (and some other countries) are implementing similar requirements that will affect a Client when it enters into derivatives transactions with a counterparty organized in that country or otherwise subject to that country's derivatives regulation. The U.S. government and the European Union have adopted mandatory minimum margin requirements for bilateral derivatives. Such requirements could increase the amount of margin required to be provided by a Client in connection with its derivatives transactions and, therefore, make derivatives transactions more expensive. While certain of the rules are effective, other rules are not yet final and/or effective, so their ultimate impact remains unclear.

The CFTC and certain futures exchanges have established limits, referred to as "position limits," on the maximum net long or net short positions which any person or entity may hold or control in particular options and futures contracts. The CFTC has proposed position limits for certain swaps. All positions owned or controlled by the same person or entity, even if in different accounts, may be aggregated for purposes of determining whether the applicable position limits have been exceeded. Thus, even if a Client does not intend to exceed applicable position limits, it is possible that different clients managed by the Adviser and its affiliates may be aggregated for this purpose. Although it is possible that the trading decisions of the Adviser may have to be modified and that positions held by a Client may have to be liquidated in order to avoid exceeding such limits, the Adviser believes that this is unlikely. The modification of investment decisions or the elimination of open positions, if it occurs, may adversely affect the profitability of a Client.

The SEC has in the past adopted interim rules requiring reporting of all short positions above a certain de minimis threshold and may adopt rules requiring monthly public disclosure in the future. In addition, other non-U.S. jurisdictions where a Client may trade have adopted reporting requirements. If a Client's short positions or its strategy become generally known, it could have a significant effect on the Adviser's ability to implement its investment strategy. In particular, it would make it more likely that other investors could cause a "short squeeze" in the securities held short by a Client forcing a Client to cover its positions at a loss. Such reporting requirements may limit the Adviser's ability to access management and other personnel at certain companies where the Adviser seeks to take a short position. In addition, if other investors engage in copycat behavior by taking positions in the same issuers as a Client, the cost of borrowing securities to sell short could increase drastically and the availability of such securities to a Client could decrease drastically. Such events could make a Client unable to execute its investment strategy. Short sales are also subject to certain SEC regulations. If the SEC were to adopt additional restrictions regarding short sales, they could restrict a Client's ability to engage in short sales in certain circumstances, and a Client may be unable to execute its investment strategy as a result.

The SEC and regulatory authorities in other jurisdictions may adopt (and in certain cases, have adopted) bans on short sales of certain securities in response to market events. Bans on short selling may make it impossible for a Client to execute certain investment strategies and may have a material adverse effect on a Client's ability to generate returns.

Regulatory Risk. There can be no assurance that the Adviser or its Clients or any of their respective affiliates will avoid regulatory examination or enforcement actions. Even if an investigation or proceeding does not result in a sanction being imposed against the Adviser or its Clients or any of their respective affiliates or such sanction is small in monetary amount, the Adviser, its Clients and/or their respective affiliates may be subject to adverse publicity relating to the investigation, proceeding or imposition of such sanctions. There is also a risk that regulatory agencies in the United States and abroad

will continue to adopt, change or enhance new or existing laws or regulations, which may result in additional regulatory scrutiny.

Cybersecurity and Electronic Systems Risk. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage and disruption to hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. The Adviser increasingly relies upon information and technology systems to conduct its business. Such systems might, in some circumstances, be subject to cybersecurity incidents or similar events that could potentially result in damage or interruption to these systems, unauthorized access to sensitive transactional and personal information, intentional misappropriation, corruption or destruction of data, or operational disruption. Cybersecurity incidents could potentially occur, and might in some circumstances result in the failure to maintain the security, confidentiality or privacy of sensitive data. Cybersecurity incidents experienced by third party vendors or service providers may indirectly affect the Adviser's Clients. Cybersecurity risks can disrupt the ability to engage in transactional business, cause direct financial loss and affect the value of assets in which the Adviser's Clients invest, harm the Adviser's reputation, lead to violations of applicable laws, result in ongoing prevention, risk management and compliance costs, and otherwise affect business and financial performance.

Conflicts of Interest

The Adviser and its affiliates expect to advise multiple Clients whose accounts may purchase or sell the same securities. The Adviser and its affiliates are not under any obligation to share any investment opportunity, idea or strategy with any particular Client. As a result, other Clients of the Adviser or its affiliates may compete with one another for appropriate investment opportunities. The Adviser may make recommendations to and take actions on behalf of certain Clients, which may be the same as or different from those made or taken on behalf of another Client. The Adviser may from time to time acquire positions in or transact in securities and other investments on behalf of a Client which may differ from or be inconsistent with the advice given, or the timing or nature of the Adviser's action or actions with respect to another Client. The Adviser's investment allocations are designed to provide a fair allocation of purchases and sales of securities among the various Clients managed by the Adviser, while preserving incentives for the Adviser to find new investment opportunities, and to ensure compliance with appropriate regulatory requirements.

The Adviser and its affiliates have the ability to trade in financial instruments for their own accounts and the Adviser acts as an investment adviser to the Managed Account of a related person. The Adviser manages an account beneficially owned by its affiliate Cowen. This may on occasion create conflicts of interest with regard to such matters as allocation of opportunities to participate in particular investments or to dispose of certain investments. In addition, if as a result of the aggregation requirements set forth under the law, applicable position limits were exceeded, the Adviser, or its respective affiliates could have a conflict of interest in determining which positions to liquidate.

By reason of the investment advisory and other activities of its affiliates, the Adviser may acquire confidential information or otherwise be restricted from initiating transactions in certain securities. It is acknowledged and agreed that, except as required by the applicable law, the Adviser may not be free to divulge, or to act upon, any such confidential information and that, due to such a restriction, the Adviser may not initiate certain transactions the Adviser otherwise might have initiated. It is further acknowledged and agreed that the Adviser shall, for itself and on behalf of its Clients, disclose such information to governmental and regulatory authorities as may be required by law.

From time to time, the Adviser may permit certain Client investors to acquire interests on different terms than other investors (including, without limitation, with respect to minimum investment amounts, fees, expanded reporting and withdrawal terms). The Adviser is not required to notify any or all of the other investors of any such terms, nor is the Client or the Adviser required to offer such additional and/or different rights and/or terms to any or all of the other investors.

Please refer to the relevant Client offering documents and/or investment management agreement, as applicable for a more detailed discussion of risk factors and conflicts of interest.

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 Adviser's advisory business or the integrity of the Adviser's management.

Item 10. Other Financial Industry Activities and Affiliations

Through its relationship with Cowen Investment Management LLC, the Adviser is affiliated with the following U.S. registered broker-dealers: Cowen and Company, LLC and ATM Execution LLC as well as the dual-registered U.S. broker-dealer and investment adviser, Cowen Prime Services LLC. The Adviser is also affiliated with Cowen International Limited, a UK FCA registered broker-dealer and Ramius UK Limited, which is currently not active but is registered with the UK FCA with respect to certain investment advisory activities. The above referenced entities are all (directly or indirectly) wholly owned subsidiaries of Cowen Inc., a publicly traded company (NASDAQ: COWN).

The Adviser generally operates separately from its broker-dealer affiliates and does not direct any Client business to its broker-dealer affiliates (however, the Adviser is permitted to direct business to its affiliated broker-dealers for the affiliate-owned Managed Account it advises). To the extent that any conflict may arise with respect to its affiliated broker-dealers, the potential conflict is addressed by Cowen Inc.'s Conflicts Committee which is headed by Cowen Inc.'s General Counsel. At this time, the Adviser does not believe there is any material conflict related to this relationship.

Through Cowen Investment Management LLC's ownership interest, the Adviser is also affiliated with the following registered investment advisors which also manage commingled investment funds and/or advise managed accounts: Cowen Investment Management LLC, Cowen Investment Advisors LLC (dba Ramius Advisors LLC), Cowen Trading Strategies LLC, Cowen Advisors, LLC, TriArtisan Capital Advisors LLC, Starboard Value LP, Healthcare Royalty Management, LLC, HCRP MGS Account Management, LLC, Quadratic Capital Management LLC, Caerus Investors, LLC, RCG Longview Equity Management, LLC, RCG Longview Management, LLC, RCG Longview Debt Fund IV Management, LLC and RCG Longview Partners II, LLC. All of the affiliated investment advisors are registered with the U.S. Securities and Exchange Commission. Cowen Investment Advisors LLC (dba Ramius Advisors LLC) and Quadratic Capital Management LLC are also CPOs and members of the NFA.

The Adviser and Cowen Investment Management LLC have entered into a management agreement pursuant to which Cowen Investment Management LLC will provide certain operations, accounting and other administrative support services to the Adviser. In addition, the Adviser and Cowen Investment Management LLC have entered into a services agreement pursuant to which Cowen Investment Management LLC will provide certain administrative services to the Adviser and its Clients, including, certain operational services, as well as certain legal, compliance, marketing and fund accounting services (the "Services"). As compensation for the Services provided (from Cowen Investment Management LLC as a third party provider), the Funds bear a fee, calculated and accrued monthly and paid quarterly in arrears (pro rated for partial periods) to Cowen Investment Management LLC, equal to 0.0125% (0.15%

on an annualized basis) of the aggregate month-end net asset value of the mater funds (the “Services Fee”). The Adviser does not charge a Services Fee to its Managed Account clients. Cowen Investment Management LLC equity ownership interest in the Adviser also entitles it to a share of the Adviser’s net revenue.

At this time, the Adviser does not believe there are any material conflicts related to these affiliations. For a complete description of these advisors and the clients they advise and manage, please refer to their Form ADV Part 1’s.

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

The Adviser has adopted a Code of Ethics that is applicable to all of its access persons, supervised persons and virtually all of its employees (for purposes of this section of the brochure, references to “employees” include access persons and supervised persons). The Code of Ethics reflects the Adviser’s belief in the absolute necessity to conduct all business, make all decisions and carry on all personal activities at the highest ethical and professional levels.

All persons that are covered by the Code of Ethics must avoid activities, interests and relationships that may interfere or appear to interfere with making decisions in the best interests of Clients. More specifically, the Code of Ethics seeks to place the interests of Clients over the interests of any employee; imposes standards of business conduct for all of the Adviser’s employees; requires employees to comply with the federal securities laws; regulates employee personal securities transactions, including requiring all covered persons to obtain pre-approval before investing in hedge fund or private placement investments; and requires reporting and review of personal securities transactions.

The Adviser will provide a copy of the Code of Ethics to any Client or prospective Client (including Fund investors) upon request.

The Adviser may cause the Clients to purchase securities and other instruments that are also being purchased by the Adviser, the Adviser’s affiliates or their respective employees for their own accounts. The Adviser in all cases purchases securities and other instruments for the Clients on terms at least as favorable as the terms on which the same securities or instruments are purchased for the account of the Adviser, proprietary accounts of its members or the personal accounts of the Adviser’s employees to the extent that such securities or instruments are purchased at approximately the same time and in the same direction as the Client. If this procedure results in the employees of the Adviser or the proprietary accounts of its members acquiring securities or other instruments on more favorable terms than the Clients, such employees or members will reimburse the Clients, respectively, so that such inequity is corrected. The Adviser reserves the right, in its sole discretion, to not require such reimbursement if it determines the benefit to the Client would be outweighed by the administrative costs associated with processing the reimbursement.

When it is determined that it would be appropriate for one or more Clients to participate in an investment opportunity, the Adviser will seek to execute orders for all of the participating investment accounts on an equitable basis, taking into account such factors as the investment objectives of the participating investment accounts, the availability of leverage, the relative amounts of capital available for new investments, relative exposure to market trends, transaction costs, the portfolio positions of the participating investment accounts, the eligibility of the particular Client, and the other investment accounts under applicable law to make the investment in question and the manner in which the investment is likely to affect the amount of available capital after the investment is made.

Notwithstanding the foregoing, the Adviser is not obligated to allocate to a Client all potential transactions for which it might be eligible pursuant to its investment guidelines and procedures. Depending on the circumstances, the Adviser may allocate certain transactions on a disproportionate basis among its Clients and/or may allocate all of certain other transactions to other Clients, including funds in which one or more of the principals or employees of the Adviser or its affiliates may have an interest. In addition, varying compensation arrangements among the Clients could incentivize the Adviser to allocate investment opportunities to certain Clients over others, or to otherwise manage the Clients differently.

Item 12. Brokerage Practices

The Adviser is responsible for, among other things, the placement of any securities transactions entered into on behalf of a Client, and for the negotiation of any commissions paid on such transactions. Such securities may be purchased over the counter, through brokers on securities exchanges or directly from the issuer or from an underwriter or market maker for the securities. Purchases of portfolio securities through brokers involve a commission to the broker, and purchases from dealers serving as market makers include the spread between the bid and the ask price. The Adviser seeks to obtain the best execution for the Client, taking into account such factors as price (including the applicable dealer spread or commission, if any), size of order, difficulty of execution, operational facilities of the firm involved and the firm's risk in positioning a block of securities.

The Adviser may execute a portion of the securities trades entered into by a Client through one or more customer brokerage accounts maintained by the Client with certain clearing brokers (the "Clearing Brokers") pursuant to the terms of one or more clearing agreements with the Adviser under which the Adviser allocates to the Clearing Brokers a portion of the brokerage commissions it charges the Client. Floor brokers selected by the Adviser that execute transactions in listed securities receive a portion of the brokerage commissions that the floor brokers charge the Client at rates negotiated by the Adviser and each floor broker.

The Adviser generally does not enter into directed brokerage arrangements but may do so for certain Managed Accounts for which it does not have custody with respect to its advisory activities. Any directed brokerage arrangements must be approved by the Adviser.

Brokers and dealers are selected by the Adviser on the basis of a variety of factors, including, without limitation, some or all of the following: net price; settlement capabilities and error resolution; electronic reconciliation capability; special execution capabilities; ability to execute large orders, to commit capital, and to minimize trading costs associated with implementing investment decisions; commission rates; reputation, including regulatory issues; financial strength and stability; efficiency of execution of small lots; offering on-line access to computerized data regarding open orders; the ability or inability of electronic trading networks to handle trades instead of other broker-dealers; value of research; and other matters involved in the receipt of brokerage services generally. Brokerage and research services may either be obtained from brokerage firms or paid for by brokerage firms and may include, but are not limited to, written information and analyses concerning specific securities, companies or sectors; news, quotation, statistics and pricing services, as well as discussions with research personnel and consultants; and software, data bases and other technical and telecommunications services and equipment utilized in the investment management process and consulting fees in connection with investigating and monitoring potential and existing investments.

Research services may be proprietary research (created or developed by the broker-dealer) and research created or developed by a third party. Research services, whether obtained by the use of commissions arising from a Client's portfolio transactions or paid for by the Adviser and charged to a Client as described above, may be used by the Adviser for the benefit of other Clients. In formulating and

implementing its policies with regards the use of commissions or “soft dollars” it is the Adviser’s intent to stay within the parameters of Section 28(e) of the Exchange Act.

When the Adviser uses brokerage commissions to obtain research or other products or services, the Adviser receives a benefit because the Adviser does not have to produce or pay for such research, products or services. The Adviser may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than in its Client’s interest in receiving most favorable execution.

The Client’s securities transactions may generate a substantial amount of brokerage commissions and other compensation, all of which the Client, not the Adviser, will be obligated to pay. The Adviser has complete discretion in deciding what brokers and dealers the Client will use and in negotiating the rates of compensation the Client will pay. In addition to using brokers as “agents” and paying commissions, the Adviser, on behalf of a Client, may buy or sell securities directly from or to dealers acting as principals at prices that include markups or markdowns, and may buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers.

Brokers sometimes suggest a level of business they would like to receive in return for the various services they provide. Actual brokerage business received by any broker may be less than the suggested allocations, but can (and often does) exceed the suggestions, because total brokerage is allocated on the basis of all of the considerations described above. A broker is not excluded from receiving business because it has not been identified as providing research services. The investment information received from the Client’s brokers may be used by the Adviser in servicing all of its accounts, and not all such information need be used by the Adviser in connection with the Client. Nonetheless, the Adviser believes that such investment information provides the Client with benefits by supplementing the research otherwise available to the Client.

The Adviser may aggregate or “block” purchase and sale orders of securities to seek the efficiencies that may be available in larger transactions when it determines that aggregation is consistent with its duty to seek best execution for its Clients, although it has no obligation to do so.

Item 13. Review of Accounts

The Adviser performs various daily, weekly, monthly, quarterly and periodic reviews of each Client portfolio (as needed). Such reviews are conducted by the Adviser’s portfolio manager and research associates. Each Client portfolio is reviewed to ensure: (1) suitable investments are maintained in each Client portfolio; (2) securities are within appropriate risk levels for the Client; (3) an appropriate asset allocation is maintained; and (4) any additional requirements communicated by a Managed Account to the Adviser in writing are met. A review of a Client portfolio may be triggered by any unusual activity or special circumstances.

The Adviser anticipates sending Clients monthly performance results and a quarterly letter documenting the performance of the Client’s portfolio in more detail. The Adviser may provide certain Fund investors with information on a more frequent and detailed basis if agreed to by the Adviser. In addition, when required by law or otherwise agreed to by contract, the Adviser will issue Client audited financial statements within the legally required time period following of the end of such Client’s fiscal year. The Adviser also intends to provide its Client’s investors tax reports (if applicable); however, no assurances can be made as to when investor tax information will be provided. As a result, Client’s investors may be required to obtain extensions of the filing date for their income tax returns at the U.S. federal, state, and local level.

Item 14. Client Referrals and Other Compensation

The Adviser does not receive economic benefits from non-Clients for providing investment advice and other advisory services. However, the Adviser or its affiliates may enter into placement agreements with certain placement agents ("Placement Agents"), pursuant to which the Placement Agents will agree to introduce potential investors to the Clients. The Placement Agents may receive compensation for such services from the Adviser or its affiliates.

Item 15. Custody

The Adviser is deemed to have custody of Client funds and securities because it has the authority to obtain Client funds or securities, for example, by deducting advisory fees from a Client's account or otherwise withdrawing funds from a Client's account. Actual custody of Client funds and securities; however, is at a broker-dealer, bank or trust company, not at the Adviser. Account statements related to the Clients are sent by qualified custodians to the Adviser (except for Managed Accounts for which the Adviser does not have custody, in which case the account statements will be sent directly to the Managed Account's beneficial owner by the qualified custodian).

The Adviser is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). However, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund because it complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception", which, among other things, requires that each Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and will require each Fund to distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

Item 16. Investment Discretion

The Adviser, in its capacity as an investment adviser, has discretionary trading authority with respect to its Clients. The Adviser's investment decisions and advice with respect to each Client are subject to each Client's investment objectives and guidelines, as set forth in its offering documents and/or investment management agreement (or sub-advisory agreement), as applicable.

The Adviser has entered into an investment management agreement, or similar agreement, with each Client (or its beneficial owner if such Client is a Managed Account), pursuant to which the Adviser was granted discretionary trading authority. The Adviser does not currently advise any non-discretionary Clients but is not prohibited from doing so.

Item 17. Voting Client Securities

In compliance with Rule 206(4)-6 of the Advisers Act, the Adviser has adopted proxy voting policies and procedures. All decisions about how to vote a proxy will be made in accordance with the Adviser's proxy voting policies and procedures, which are designed to take into account the best interests of the Clients, as determined by the Adviser in its discretion. The Adviser may take into account all relevant factors when making such determination. Clients are generally not permitted to direct voting decisions.

The Adviser has primary responsibility to monitor voting decisions for conflicts of interest, which include the consideration of whether the Adviser or any investment professional or other person recommending how to vote has an interest in the vote that may present a conflict of interest.

This summary of the Adviser's voting policies and procedures is qualified in its entirety by the Adviser's voting policies and procedures. The Adviser will make information regarding how proxies were voted and/or provide a copy of its voting policies and procedures to Clients upon request.

Item 18. Financial Information

The Adviser is not required to include a balance sheet, 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.