

Part 2A of Form ADV: Integrated Portfolio Intelligence LLC - *Brochure*

Item 1 - Cover Page

August 10, 2020

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This Brochure provides information about the qualifications and business practices of Integrated Portfolio Intelligence LLC. If you have any questions about the contents of this brochure, please contact us at (212) 527-7586. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Integrated Portfolio Intelligence LLC (hereinafter referred to as the “Adviser” or “Firm”) is an SEC registered investment adviser firm. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an investment adviser provide you with information about which you determine to hire or retain an investment adviser.

Additional information about Integrated Portfolio Intelligence LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 - Material Changes

This Brochure dated 8/10/2020, contains customary annual updates, as well as certain other updates, including those regarding the payment of fees and expenses by advisory clients and portfolio companies, risks and conflicts of interest.

On August 10, 2020 the Firm submitted its investment adviser registration application to the Securities and Exchange Commission.

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Item 4 - Advisory Business

A. The Adviser is a Delaware limited liability company and has its principal place of business located in New York City, New York. The Adviser provides discretionary investment advisory services to (i) pooled investment vehicles (the “Funds”); and (ii) separately managed accounts including high net worth individuals, retirement plans, trusts, partnerships, corporations, or other businesses (together with the Funds, the “Accounts” or “Clients”). The Adviser was formed in 2019 by its founder, Nick Vasserman.

B. The Adviser seeks to create a diversified portfolio of global opportunities constructed with high conviction integrated signals that produce a stable and robust source of alpha over time. Integrated signals are quantitatively derived from diversified macro and micro models and are mapped to relative value positions across multiple asset classes. Quantitative analysis is applied to fundamental data to derive a unique set of alpha.

C. While each of its Clients will follow the general strategy stated above, the Adviser may tailor the specific advisory services with respect to each Client based on the particular investment objectives and strategies described in the applicable Client’s (i) confidential offering memorandum or separate account agreement (as applicable) and (ii) governing documents (referred to collectively as “Governing Documents”).

All discussion of the Clients in this Brochure, including but not limited to their investments, the strategies used in managing the Clients, and conflicts of interest faced by the Adviser in connection with the management of the Clients are qualified in their entirety by reference to each Client’s respective Governing Documents.

D. The Adviser does not participate in wrap fee programs.

E. As of June 30, 2020, the Adviser manages \$52,931,296 in discretionary assets and \$0 in non-discretionary assets.

Item 5 - Fees and Compensation

A. Below is a discussion of how the Adviser is compensated in connection with providing advisory services to its Clients. The Adviser may enter into different fee arrangements on a Client by Client basis.

Management Fees. The fees and expenses associated with the Accounts will be negotiated with each Account and are described in detail in each Account's Governing Documents. Generally, the Adviser will be entitled to a management fee of one percent (1.0%) per annum of an Account's.

Performance Fees. The performance fee associated with the Accounts will be negotiated with each Account and are described in detail in each Account's Governing Documents. Generally, Accounts will be charged a performance fee of twenty percent (20%) per annum. The performance fee will be calculated based on net profits.

The Management Fee and performance fee will generally be paid from the Account upon invoice to the custodian.

Organizational Expenses.

The Funds will bear all costs and expenses relating to the organization of the Funds and to the offering of Interests (including government filing fees, stamp duties or other taxes, legal and accounting fees, printing and mailing expenses, and any other organizational costs, if any). To the extent that the General Partner or the Advisor advances organizational expenses that should be borne by the Funds and does not waive reimbursement of such expenses, the General Partner or the Advisor will be reimbursed by the Funds.

Partnership Expenses.

The Funds will generally bear all expenses relating to their ongoing structure and operation, including: (i) the Management Fee; (ii) all investment-related costs and expenses (i.e., expenses that, in the Advisor's sole discretion, are related to the investment of the Fund's assets, whether or not such investments are consummated), including commissions and charges, interest on margin accounts and other indebtedness, expenses relating to short sales, clearing and settlement charges, option premiums and custodial and service fees, research-related expenses (including research-related travel expenses), expenses related to data, data delivery systems, execution services and related software and hardware that are of benefit to the Fund, expenses relating to consultants, attorneys, brokers or other professionals or advisors who provide research, advice or due diligence services with regard to investments; (iii) fees and expenses related to portfolio exposure and performance management systems, risk management services and software related to trade reconciliation, treasury, margin, financial and counterparty management, risk monitoring, performance reporting, valuation quotation services (e.g., Bloomberg terminals, historical and live financial data and other similar services and data feeds); (iv) expenses incurred in respect of statistical and pricing services or software; software licensing and technology-related fees and expenses; and trade order management systems (including systems that facilitate trade compliance, commission management, stock locates and transaction cost analysis, and third party service providers used for implementation, custom reporting, updates, consultations, support, maintenance, monitoring and data extracts); (v) the Fund's legal, accounting, tax preparation and other tax-related expenses (including preparation

and mailing costs of financial statements, tax returns and other reports to Limited Partners), auditing, consulting and other professional expenses; (vi) third-party administration costs, fees and expenses (including any costs, fees and expenses related to investor communications, relations, reporting or other investor materials, tax preparation and related reporting, performance information, data extraction and other types of reporting and any audit or accounting services provided by a third-party administrator); (vii) all fees and charges of custodians, clearing agencies and banks; (viii) compliance and reporting expenses and expenses attributable to regulatory filings that are made with respect to the Fund or assets of the Fund (including Section 13, Section 16, Form D, Form PF, FATCA, anti-money laundering compliance, state security filings, general regulatory compliance and non-U.S. position reporting filings, if applicable, and non-U.S. filings, if any); (ix) the Fund's pro rata share of Fund-related insurance costs (including the Fund's pro rata portion of director's and officer's insurance, errors and omissions insurance, fidelity insurance and other similar policies covering the General Partner, the Advisor and/or the members of the Governance Committee); (x) independent Master Fund Governance Committee members'; (xi) any taxes (including but not limited to any withholding taxes, transfer taxes, stamp duties and other governmental or self-regulatory agency-related charges or duties); (xii) all costs and expenses incurred in attempting to protect and enhance the value of a Partnership investment (including any fees and expenses associated with any pending or threatened litigation, audit, investigation, administrative or other proceeding, as well as any settlement costs); (xiii) the pro rata portion of the Master Fund's expenses; (xiv) any fees and expenses related to the Fund's liquidation, if applicable; (xv) fees paid to proxy and securities class action advisory firms; (xvi) expenses relating to the offer and sale of Interests and withdrawals and transfers thereof; (xvii) other reasonable expenses related to the purchase, sale, preservation or transmittal of the Fund's assets and (xviii) any extraordinary expenses (e.g., indemnification expenses).

B. Clients will incur brokerage and other transaction costs. Item 12 of this brochure discusses how the Adviser selects brokers and determines the reasonableness of their compensation. The direct expenses borne by each Client are described in more full detail in each Client's Governing Documents.

C. Management Fees are payable quarterly in advance, and once paid may be refunded pro-rata upon termination of the engagement.

D. Other than as described above, neither the Adviser nor any of its supervised persons receives any compensation from the sale of securities or other investment products.

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

As stated in Item 5 above, the Adviser or its affiliates receive performance-based fees or allocations from certain Clients. These payments are subject to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3, which requires that performance-based fees only be charged to “qualified clients” (as such term is defined in Rule 205-3).

Performance-based fees, in general, may create an incentive for an adviser or its supervised persons to make investments that are riskier and more speculative than would be the case in the absence of a performance-based fee. Such fee arrangements may also create an incentive to favor higher fee-paying clients over other clients in the allocation of investment opportunities. To address these conflicts of interest with respect to any future clients, the Adviser has implemented policies and procedures to ensure that all clients receive equitable and fair treatment over time with respect to the allocation of investment opportunities.

Item 7 - Types of Clients

The Adviser provides investment advisory services to (i) pooled investment vehicles (the “Funds”); and (ii) separately managed accounts including high net worth individuals, retirement plans, trusts, partnerships, corporations, or other businesses (together with the Funds, the “Accounts” or the “Clients”).

Currently, there is a \$1,000,000 minimum investment for investing in a Fund.

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

Investment Strategy Overview

The investment objective is to create a diversified portfolio of global opportunities constructed with high conviction integrated signals that produce a stable and robust source of alpha over time. Integrated signals are quantitatively derived from diversified macro and micro models and are mapped to relative value positions across multiple asset classes. Quantitative analysis is applied to fundamental data to derive a unique set of alpha.

Methods of Analysis

The Adviser seeks to deliver alpha with low correlation to both traditional and alternative investments with high single digit annual volatility and a Sharpe greater than 1. The positions are primarily medium term in nature, resulting in turnover consistent with an average holding period of approximately two to six weeks.

In an effort to generate alpha, The Adviser follows a daily disciplined quantitative investment process that is applied across 104 global markets. Sub portfolios are divided into six independent asset classes: Commodities, Credit, Currencies, Equity, Rates and Volatility. Positions are taken primarily using futures, forwards and exchange-based options. Typically, there are 5-10 positions per sub-portfolio. Each position is assessed from a set of approximately 100 proprietary investment models that are fundamentally driven, conceptually diverse and that have proven to generate alpha over time. The models were developed over 20 years of intensive research and proprietary knowledge of fundamental factors and market structure.

Risk Factors

The Funds (through its investment in the Master Fund) may be deemed to be a highly speculative investment and is not intended as a complete investment program. It is designed only for sophisticated persons who are able to bear the economic risk of the loss of their entire investment in the Funds, who have a limited need for liquidity in their investment and who meet the conditions set forth in governing documents. There can be no assurances that the Funds will achieve their investment objectives. The following risks should be carefully evaluated before making an investment in the Funds. The list of risks below does not purport to be an exhaustive list of the risks relating to an investment in the Funds.

Quantitative Investment Strategies

In General. The Funds will employ a systematic investment process and make investments utilizing the model. The data underlying the model will be gathered from both public and private sources. Once the data has been gathered and normalized, it will be included in the Advisor's model which will then generate a trading signal and a conviction score. The securities with the most compelling conviction scores will be selected for inclusion in the Funds' portfolio and transmitted to the Funds' counterparties for execution. Although the Advisor's entire process is designed to be systematic and quantitative techniques are expected to drive all investment decisions, the Advisor will also perform certain subjective, qualitative evaluation with regard to risk management, but will not exercise investment discretion. The investment process will rely on both proprietary and non-proprietary analytical tools and data sources to help generate portfolio investments. The model is based upon both historical and contemporaneous events and information. In particular, the Funds will focus its

efforts on traditional and non-traditional data sets where deemed appropriate by the Advisor. Traditional data sets may include, among other things, financial and technical sources such as price, price-to-earnings ratio, fundamental cash flow and balance sheet estimates. Non-traditional data sets may include, among other things, natural image processing, online news stories and reports, transcripts, social media structured feeds and proprietary indices. Some trades may be based on smaller subsets of data which may be incomplete. The analysis and modeling techniques used by the Advisor are complex and involve financial, economic, fundamental and statistical theories, among other techniques. There is no guarantee that the Advisor's quantitative models and related investment techniques will result in accurate or valid predictions or in effective investment decisions for the Funds. In addition, although the forecasts produced by the Advisor's model will be subject to oversight, there is the possibility of human error and there is no guarantee that such oversight will be effective.

Model Design Risk. Modern financial markets, and the assets that trade in them, are complex and involve many mutually interacting parts and large amounts of information. Models and similar techniques seek to account for certain effects deemed to have predictive value while blocking out other effects deemed quantitatively less important. Models thus provide only a simplified picture of actual markets. As a result, these investment techniques must always involve judgements regarding which dimensions to reflect and which dimensions to disregard in the analysis. The Funds is unlikely to be successful unless the assumptions underlying the model developed by the Advisor prove to be correct and remain correct in the future. The complexities and natural limitations associated with the Funds' systematic investment program may make it difficult or impossible to detect the source of any weakness or failure in the components, calculations, data and programs used in making investment decisions before material losses are incurred. For example, it may be difficult or impossible to distinguish unexpected trading results caused by market activity from unexpected trading results caused by an error in the applicable model, processes, calculations or programs. Although the Advisor intends to use good faith efforts to design its investment techniques correctly and to use them effectively, there can be no assurance that it will successfully do so. Further, the Advisor expects to continue to revise and improve its investment techniques as experience is gained, strategies are refined, and markets change. However, there can be no assurances that the Advisor will be able to make, or would make, any such improvements, and its inability or failure to do so could have a material adverse effect on the Funds.

Implementation Risk. In addition to the risks associated with the Advisor's design and development of the Funds' systematic investment program, the Funds will also incur ongoing implementation and operational risks. The results of the Advisor's research and modeling process are used to develop insights and relationships and to discover patterns that may need to be translated into computer code and related systems. Although the Advisor seeks to retain and properly supervise individuals skilled in these functions, the complexity of the individual tasks, the difficulty of integrating various tasks, and the limited ability to test end products in a "real world" environment increases the chances that the model and related techniques may contain errors. Moreover, there is no guarantee that patterns discovered through the Advisor's research and modeling process will repeat over time. One or more of such errors could adversely affect the Funds' performance notwithstanding an underlying model's potential validity absent the errors. Models rely on the proper functioning of hardware and technology, which are subject to disruption risk. There is no guarantee that the hardware and technology on which the model relies will be uninterrupted or error free, or that any defects in such hardware or technology will be able to be corrected in a short time period. All software systems can be expected to contain coding errors and such errors in particular are often extremely difficult to detect. While the Advisor will employ reasonable measures to test and monitor its technology and implementation of the same, as it deems appropriate in its sole discretion, some coding errors can be

expected to go undetected for long periods of time and some may never be detected. Moreover, the Advisor may detect certain code issues or errors that it chooses, in its sole discretion, not to address or fix. Coding errors and their ensuing risks and impact are an inherent part of the Funds' investment program.

Reliance on Data. The Funds' investment program is highly reliant on analyzing large amounts of data from third-party data providers and other external sources. The Advisor will use its discretion to determine what data to gather and what subset of that data the model takes into account to produce the forecasts on which the Funds' portfolio is constructed. In addition, due to the fact that much of this data comes from third-party sources, it is inevitable that not all desired and/or relevant data will be available to, or processed by, the Advisor, at all times. In addition, the Advisor may determine that certain available data, while potentially useful in generating forecasts and/or making investment and trading decisions, is not cost effective to gather due to third-party vendor costs and, in such cases, the Advisor will not utilize such data. Investors should be aware that, for all of the foregoing reasons and more, there is no guarantee that any specific data or type of data will be utilized in generating forecasts or making investment and trading decisions on behalf of the Funds. Further, the Advisor will rely heavily on third-party data providers to gather, clean and cull data sets, and if information that it receives from a third-party data source is incorrect, the Funds may be negatively impacted, and may not achieve its desired results. Although the Advisor will use third-party data sources it believes to be generally reliable, the Advisor typically receives these services on an "as is" basis and cannot guarantee that the data received from these sources will be accurate. The Advisor is not responsible for errors by these sources. If for any reason the Funds loses access to such data, including because a data provider fails or determines that it will for whatever reason no longer provide the Advisor with access to such data, the ability of the Funds to implement its investment program will be materially impacted. In such cases, the model may or may not continue to generate forecasts and the Advisor may or may not make investment and trading decisions based on the data available to it.

Systems Risks

The Funds depend on the Advisor to develop and implement appropriate systems for certain aspects of the Funds' activities, including to implement its quantitative/systematic investment strategy. The Advisor relies extensively on computer programs and systems to successfully implement the Funds' investment strategy, including, but not limited to, gathering data, analyzing data sets, designing its model, implementing such model, executing trades, monitoring the Funds' portfolio and exposure, and to show risk management and other metrics that are critical to oversight of the Funds' activities. In addition, certain of the Funds' and the Advisor's operations interface with or depend on systems operated by third parties, including market counterparties, service providers and data providers upon which the Funds' investment strategy is built, and the Funds or the Advisor may not be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures or interruptions, including, but not limited to, those caused by worms, viruses and other software-related "system crashes," system or component failures, telecommunications failures, power failures, unauthorized system access or use (such as "hacking" or other cybersecurity breaches), unintended trades, stolen intellectual property, human errors in using or accessing relevant systems, or various other events or circumstances. Any such defect or failure could affect certain critical activities of the Advisor on behalf of the Funds and have a material adverse effect on the Funds. For example, such failures could cause the execution of unanticipated trades, the failure to execute anticipated trades, the failure to properly allocate trades, the failure to take certain hedging or risk reducing actions, the taking of actions which increase certain risks and/or the settlement of trades to fail, could lead to inaccurate accounting, recording or processing of trades, and could cause inaccurate reports, which may affect the Funds' ability to monitor its investment portfolio

and its risks. In addition, from time to time, the Funds may cease using a particular program, system or service provider or may start using a separate program, system or service provider. During any such period of transition, there may also be defects, failures or interruptions that could have a material adverse effect on the Funds.

Operational Risk

The Funds depend on the Advisor to develop the appropriate systems and procedures to control certain aspects of operational risk. Operational risks arising from mistakes made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or other similar disruption in the Funds' operations may cause the Funds to suffer financial loss, the disruption of its business, liability to clients or third parties, regulatory intervention or reputational damage. The Funds rely heavily on the Advisor's financial, accounting and other data processing systems. The ability of its systems to accommodate an increasing volume of transactions could also constrain the Funds' ability to properly manage the portfolio. Systemic failures in the systems employed by the Funds, prime brokers, the Administrator, the Advisor back-office services providers and/or counterparties, exchanges and similar clearance and settlement facilities and other parties could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. These and other similar disruptions in the Funds' operations may cause the Funds to suffer, among other things, financial loss, the disruption of its businesses, liability to third parties, regulatory intervention or reputational damage.

Frequent Trading

The nature of the Funds' investment program requires the Funds to engage in frequent trading. As a result, the commissions payable by the Funds may be substantially in excess of those normally paid by a fund of comparable size as the Funds.

Futures Contracts

The use of futures is a highly specialized activity which involves investment strategies and risks different from those associated with ordinary portfolio securities transactions, and there can be no guarantee that their use will increase the Funds' return or not cause the Funds to sustain large losses. While the use of these instruments by the Funds may reduce certain risks associated with portfolio positions, these techniques themselves entail certain other risks. If the Advisor applies a strategy at an inappropriate time or judges market conditions or trends incorrectly, futures strategies may lower the Funds' return or cause substantial losses. Certain strategies limit the Funds' possibilities to realize gains as well as limiting its exposure to losses. The Funds could also experience losses if the values of its futures positions were poorly correlated with its other investments, or if it could not close out its positions because of an illiquid market. In addition, the Funds will incur transaction costs, including trading commissions, in connection with its futures transactions and these transactions could significantly increase the Funds' investment turnover rate. Futures markets are highly volatile. The low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. There is no assurance that a liquid secondary market will exist for futures contracts or options purchased or sold, and the Funds may be required to maintain a position until exercise or expiration, which could result in losses. Many futures exchanges limit the amount of fluctuation permitted in contract prices during a single trading day. Once the daily limit has been reached in a particular contract, no trades may be made that day at a price beyond that limit. Contract prices could move to the daily limit for several consecutive trading days permitting little or no trading,

thereby preventing prompt liquidation of futures and options positions and potentially subjecting the Funds to substantial losses. Investing in futures contracts, options or commodities is a highly specialized investment activity entailing greater than ordinary investment risk.

Equity-Related Instruments in General

The Funds will invest in equity index linked securities and equity-related instruments, including but not limited to publicly listed equity securities in the U.S. or abroad and financial instruments that may reference a specific equity basket, sector or a broad equity index. Equity securities represent ownership interests in their respective issuers and generally carry the most risk associated with a specific issuer's capital structure.

The price of equity securities and their related financial instruments vary for a variety of reasons, including but not limited to supply and demand of the equity securities, the actual or perceived business opportunities associated with the issuer, the current and potential future cash flow of the issuer, the issuer's management, their ability to execute on a specific business plan, the general economic environment, and the outlook for the overall economy. To the extent the Funds own an equity security or otherwise has exposure to an equity security or an equity-related financial instrument, this investment carries the risks associated with owning equities and may also carry risks associated with the form of financial instrument (e.g., options, derivative or securities-based futures contract). Any investment in equities or equity-related instruments entails a significant risk of loss.

Commodity and Futures Contracts

The Funds will invest in commodity or futures contracts. Trading in commodity and futures contracts and options thereon are highly specialized activities which while they may increase the total return in the Funds' investments, may entail greater than ordinary investment risks.

Commodity futures markets are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events, and changes in interest rates. In addition, because of the low margin deposits normally required in commodity futures trading, a high degree of leverage may be typical of a commodity futures trading account. As a result, a relatively small price movement in a commodity futures contract may result in substantial losses to the trader. Commodity futures trading may also be illiquid. Certain commodity exchanges do not permit trading in particular futures contracts at prices that represent a fluctuation in price during a single day's trading beyond certain set limits. If prices fluctuate during a single day's trading beyond those limits, the General Partner could be prevented from promptly liquidating unfavorable positions and thus be subject to substantial losses.

Commodity options, like commodity futures contracts, are speculative, and their use involves risk. Specific market movements of the cash commodity or futures contract underlying an option cannot be predicted, and no assurance can be given that a liquid offset market will exist for any particular futures option at any particular time.

Commodity-Related Securities

The production and marketing of commodities may be affected by actions and changes in governments. In addition, commodity-related securities may be cyclical in nature. During periods of economic or financial instability, commodity-related securities may be subject to broad price fluctuations, reflecting volatility of energy and basic materials prices and possible instability of supply

of various commodities. Commodity-related securities may also experience greater price fluctuations than the relevant commodity. In periods of rising commodity prices, such securities may rise at a faster rate, and conversely, in time of falling commodity prices, such securities may suffer a greater price decline.

Currency Risks

The Funds will have exposure to fluctuations in currency exchange rates. It may, in part, seek to offset the risks associated with this exposure or enter into foreign exchange transactions to increase its returns. These transactions involve a significant degree of risk and foreign exchange markets are volatile, specialized and technical. Significant changes, including changes in liquidity and prices, can occur in these markets within very short periods of time. Changes in exchange rates over time are the result of many factors directly or indirectly affecting the economic and political conditions in the country or economic region associated with a specific currency. Exchange rates fluctuate for a number of reasons, including:

- existing and expected rates of inflation,
- existing and expected interest rate levels,
- the balance of payments between the relevant country and its major trading partners,
- political, civil, or military unrest in the relevant country or economic region; and
- monetary, fiscal, and trade policies of the relevant country or economic region (including pegging, de-pegging, flooring or capping an exchange rate relative to another currency).

Governments use a variety of techniques, such as intervention by their central banks or imposition of regulatory controls or taxes, to affect the exchange rate of their currencies. Foreign exchange rates can either be fixed by sovereign governments or floating. Exchange rates of most economically developed nations are permitted to fluctuate in value relative to the value of other currencies. However, governments do not always allow their currencies to float freely in response to economic forces. Governments use a variety of techniques, such as intervention by their central bank or imposition of regulatory controls or taxes, to affect the trading value of their respective currencies. They may also issue a new currency to replace an existing currency or alter the exchange rate or relative exchange characteristics by devaluation or revaluation of a currency. The value of the Funds could be affected by the actions of sovereign governments, which could change or interfere with theretofore freely determined currency valuation, fluctuations in response to other market forces, and the movement of currencies across borders. Additionally, market perceptions of the relative strength or cohesion of a specific political state or monetary union can dramatically affect the value of a currency. Fluctuations in exchange rates may negatively impact the value of an investment in the Funds to the extent the Funds have currency exposure in the form of a hedge, a non-U.S. dollar denominated instrument or as a standalone position.

Exchange-Traded Funds

The Funds will invest in shares of ETFs, including for hedging purposes. As an investor in ETFs, the Funds will bear its ratable share of various fees, allocations, and expenses of the ETF, all of which are embedded in the net asset value of the ETF. ETFs represent shares of ownership in either funds

or unit investment trusts that hold portfolios of common stocks, bonds or other instruments, which are designed to generally correspond to the price and yield performance of an underlying index. A primary risk factor relating to ETFs is that the general level of stock, bond or index prices may decline, thus affecting the value of an equity or fixed income ETF, respectively. An ETF may also be adversely affected by the performance of the specific sector or group of industries on which it is based. Moreover, although ETFs are designed to provide investment results that generally correspond to the price and yield performance of their underlying indices, ETFs may not be able to exactly replicate the performance of the indices because of their expenses and other factors. It should also be noted that the Investment Company Act of 1940, as amended, places certain restrictions on the percentage of ownership that a private investment fund may have in a registered investment company (an ETF is a registered investment company).

Credit Correlation Trading Risks

The Funds will employ various credit strategies, including without limitation credit derivative indices, baskets of credit derivatives and indices, and other credit-related products, structures, and vehicles.

Credit correlation strategies are exposed to certain assumptions and outcomes. Among them are the probability as well as the timing of individual defaults in diversified credit portfolios and the anticipated levels of correlation among credit spread movements and of defaults within credit portfolios and credit indices. Trade structures may be determined, among other factors, by the Funds' outlook for individual credit indices, for changes in implied correlation levels, and for technical market factors (including supply of, and demand for, different credit structures), as well as by the portfolio managers' specific credit market opinions and by the extent to which the portfolio managers expect to benefit from future unexpected credit events.

Derivatives

Derivatives, such as futures contracts, options, forward contracts, swaps, caps, floors and collars, allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark, or index at no cost or at a fraction of the cost of investing in the underlying asset. The value of this type of instrument depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to trading derivatives related to this asset.

Use of derivative instruments presents various risks which include the following:

- *Tracking* - When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent the Funds from achieving the intended hedging effect or expose the Funds to the risk of loss.
- *Liquidity* - Derivative instruments, especially when traded in large amounts, may not be liquid in all circumstances, so that in volatile markets the Funds may not be able to close out a position without incurring a loss. In addition, daily limits on price fluctuations and speculative position limits on exchanges on which the Funds may conduct transactions in derivative instruments may prevent prompt liquidation of positions, subjecting the Funds to the potential of greater losses.

- *Leverage* - Trading in derivative instruments can result in large amounts of leverage. Thus, the leverage offered by trading in derivative instruments magnifies the gains and losses experienced by the Funds and could cause the Funds' net asset value to be subject to wider fluctuations than would be the case if the Funds did not use the leverage inherent in derivative instruments.
- *Over-the-Counter Trading* - Derivative instruments that may be purchased or sold by the Funds may include instruments that are not traded on an exchange. The risk of non-performance by the obligor on these instruments may be greater and the ease with which the Funds can dispose of or enter into closing transactions with respect to these instruments may be less than in the case of an exchange-traded instrument. In addition, significant disparities may exist between "bid" and "ask" prices for derivative instruments that are not traded on an exchange. Derivative instruments not traded on exchanges are also not subject to the same type of government regulation as exchange traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with these transactions.
- *Regulation of Over-the-Counter Transactions* - The Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank") includes provisions that comprehensively regulate the over-the-counter ("OTC") derivative market. The implementation of these regulations is ongoing as of the date of this Memorandum. Although the effects of Dodd Frank on the OTC market have yet to be determined, dealers and other market participants are subject to additional clearing and margin requirements, as well as registration obligations and other regulatory requirements, such as business conduct standards, disclosure requirements, reporting and recordkeeping requirements and disclosures of conflicts of interest and other regulatory burdens. It is likely that these new and ongoing requirements increase the overall cost for OTC derivative dealers and other market participants, which may be passed along, at least partially, to market participants, such as the Funds, in the form of higher fees, decreased liquidity, less advantageous dealer marks and increased margin costs. The overall impact of Dodd Frank is highly uncertain and it is unclear how OTC markets and markets generally have adapted to this regulation.

To the extent the Funds have entered into a derivative, the Funds will be exposed to the risks described above.

Equity Derivatives

The Funds will use equity derivatives in its investment program, including, but not limited to, listed equity options and over-the-counter equity derivatives such as variance swaps, conditional variance swaps, correlation swaps and dividend swaps. These types of equity derivatives are frequently valued based on implied volatilities of these derivatives rather than the historical volatility of their underlying securities or instruments. Fluctuations or prolonged changes in the volatility, realized or implied and/or correlation, of these underlying securities or instruments, therefore, can adversely affect the value of equity derivative positions held by the Funds.

Volatility Risk

Volatility is a finance term used to describe the fluctuations of a particular asset's price. If an asset is more volatile, it is more likely to have large increases and decreases in price. Those large

fluctuations can adversely affect the performance of the Funds.

Forward Contracts

The Funds will enter into forward contracts. Trading in forward contracts involves significant risks. Forward contracts are not traded on exchanges; rather, banks and dealers act as principals in these markets. The Funds, when trading forward contracts, is therefore subject to the risk of credit failure or the inability of or refusal of forward contract dealers to perform with respect to its forward contracts. There is no limitation on the daily price movements of forward contracts, and a dealer is not required to continue to make markets in these contracts. There have been periods during which forward contract dealers have refused to quote prices for forward contracts or have quoted prices with an unusually wide spread between the bid and ask price. Forward contract trading may therefore be or become highly illiquid. In recent years the terms of forward contracts have become more standardized, and in some instances these contracts now provide a right of offset or cash settlement as an alternative to making or taking delivery of the underlying asset.

Hedging Transactions

Hedging techniques involve one or more of the following risks: (i) imperfect correlation between the performance and value of the instrument and the value of the Funds securities or other objective of the General Partner; (ii) possible lack of a secondary market for closing out a position in this instrument; (iii) losses resulting from interest rate, spread or other market movements not anticipated by the General Partner; (iv) the possible obligation to meet additional margin or other payment requirements, all of which could worsen the Funds' position; and (v) default or refusal to perform on the part of the counterparty with which the Funds trades. Furthermore, to the extent that any hedging strategy involves the use of over-the-counter derivatives transactions, this strategy may be affected by implementation of the various regulations adopted pursuant to Dodd-Frank.

The General Partner will not attempt to hedge all market or other risks inherent in the Funds' positions, and will hedge certain risks, if at all, only partially. Specifically, the General Partner may choose not, or may determine that it is economically unattractive, to hedge certain risks — either in respect of particular positions or in respect of the Funds' overall portfolio. The Funds' portfolio composition will commonly result in various directional market risks remaining unhedged. The General Partner may rely on diversification to control these risks to the extent that the General Partner believes it is desirable to do so.

The ability of the Funds to hedge successfully will depend on the ability of the General Partner to predict relevant market movements, which cannot be assured. The General Partner is not required to hedge and there can be no assurance that hedging transactions will be available or, even if undertaken, will be effective. In addition, it is not possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of independent factors not related to currency fluctuations. Moreover, it should be noted that the portfolio will always be exposed to certain risks that cannot be hedged, such as counterparty credit risk. Furthermore, by hedging a particular position, any potential gain from an increase in the value of this position may be limited.

Incentive Allocation

The allocation of a percentage of the Funds' net profits to the General Partner may create an incentive for the Advisor, an affiliate of the General Partner, to cause the Funds to make investments that are riskier or more speculative than would be the case if this allocation were not made. Since the allocation is calculated on a basis that includes unrealized appreciation of assets, such allocation may

be greater than if it were based solely on realized gains.

In addition, in the event that a Limited Partner makes a complete or partial withdrawal from its Capital Account, or is required to retire at any time other than at the end of a fiscal quarter, the Incentive Allocation may be computed and charged to such Partner as though the date of such Limited Partner's withdrawal of capital or retirement was the last day of a fiscal quarter. This may result in the Limited Partner being charged an Incentive Allocation during the year even though the Limited Partner does not have net profits based on the entire year's performance (i.e., due to losses that occur after the withdrawal).

Strategic Investor

As described above in Section 5, the General Partner, the Advisor and the Funds have entered into a Strategic Relationship Agreement with the Strategic Investor, whereby the Strategic Investor will have, in addition to other rights, access to information regarding the Funds that is not available to other investors in the Funds. The Strategic Investor will have no obligation to disclose such information to other investors or to use such information for the benefit of the Funds. Because the Strategic Investor's investment in the Funds will, at least initially, constitute a substantial portion of the Funds' capital, any withdrawal by the Strategic Investor may have an adverse effect on the Funds and may make it more difficult for the Advisor to execute the Funds' investment strategy since the Funds will be operating with a smaller asset base.

Options

Trading options is highly speculative and may entail risks that are greater than investing in other financial instruments. Prices of options are generally more volatile than prices of other financial instruments. In trading options, the Advisor speculates on market fluctuations of the underlying financial instrument (e.g., a security, an index, a commodity, exchange rate or other instrument), while only investing a small percentage of value relative to the Funds' potential exposure.

The price of any option is a function of direction (e.g., whether the option is a "put"—the right to sell—or a "call"—the right to buy), the time to expiry and the implied volatility of the underlying instrument. The Funds may "sell" an option, which means it receives a small payment, or premium, relative to a notional amount, or the Funds may "buy" an option, which means it pays a premium to receive exposure to a larger notional amount. A "seller" of options is generally exposed to the entire notional amount of the option contract and can be exposed to even more risk if it is selling a call option. A "buyer" of options risks losing all of its investment if the option expires "out of the money" (i.e., the trade goes against that option buyer).

Purchasing put and call options, as well as writing these options, are highly specialized activities and entail greater than ordinary investment risks. Because option premiums paid or received by an investor will be small in relation to the market value of the investments underlying the options, buying and selling put and call options can result in large amounts of leverage. As a result, the leverage offered by trading in options could cause an investor's asset value to be subject to more frequent and wider fluctuations than would be the case if the investor did not invest in options.

Over-the-Counter Derivatives

Over-the-counter ("OTC") derivatives, and the risks associated with OTC derivatives, are different from financial instruments traded on exchanges or through clearing houses. The risks related to OTC

derivatives include, but are not limited to the following: (i) credit risk (the exposure of the possibility of loss resulting from a counterparty's failure to meet its financial obligations); (ii) legal risk (the characterization of a transaction, particularly the enforceability of such contract in the context of insolvency or bankruptcy); (iii) operational risk (inadequate controls, deficient procedures, human error, system failure or fraud); (iv) documentation risk (exposure to loss created by poor documentation); (v) liquidity risk (reliance on the dealer to make a market in the underlying derivative); and (vi) systematic risk (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system).

Transaction in OTC derivatives may involve other risks as well, as there is no exchange market on which a counterparty can close out an open position. OTC transactions are bilateral agreements, and therefore, there is a certain reliance on the dealer to provide liquidity to an existing position and to assess the value of a position, particularly if the derivative is not standard. Certain OTC derivatives may require little or no initial margin, and generally, variable margin (i.e., the amount posted after the initial transaction) is much lower than margin for exchange traded instruments. As a result, to the extent the Funds have entered into an OTC derivative, these lower margin amounts will allow the Funds to amplify its gains and losses. A large movement against the Funds' OTC derivative positions will result in a loss and you may lose some or all of your investment.

The SEC and CFTC will also require a substantial portion of derivative transactions that are currently executed on a bi-lateral basis in the OTC markets to be executed through a regulated securities, futures, or swap exchange or execution facility. Certain CFTC-regulated derivatives trades are subject to these rules. It is not yet clear when the parallel SEC requirements will go into effect. These requirements may make it more difficult and costly for investment funds, including the Funds, to enter into highly tailored or customized transactions. They may also render certain strategies in which the Funds might otherwise engage impossible or so costly that they will no longer be economical to implement. If the Funds decide to become a direct member of one or more of these exchanges or execution facilities, the Funds would be subject to all of the rules of the exchange or execution facility, which would bring additional risks and liabilities, and potential additional regulatory requirements.

OTC derivative dealers are now required to register with the CFTC and will ultimately be required to register with the SEC. Dealers are subject to new minimum capital and margin requirements, business conduct standards, disclosure requirements, reporting and recordkeeping requirements, transparency requirements, position limits, limitations on conflicts of interest, and other regulatory burdens. These requirements further increase the overall costs for OTC derivative dealers, which costs may be passed along to market participants as market changes continue to be implemented. The overall impact of Dodd-Frank on the Funds remain highly uncertain and it is unclear how the OTC derivatives markets will adapt to this new regulatory regime, along with additional, sometimes overlapping, regulatory requirements imposed by non-U.S. regulators.

Over-the-Counter Derivative Counterparty Risk

Transactions entered into directly between two counterparties generally do not benefit from protections generally associated with exchange traded or cleared transactions, such as clearing organization guarantees, daily marking-to-market, initial margin, variable margin, daily settlement, segregation and minimum capital requirements applicable to intermediaries. By entering into over-the-counter ("OTC") derivatives, the Funds expose themselves to the default risk of its counterparty. In comparison, for cleared or exchange-traded transactions, the transacting parties each enter into a transaction with an exchange or derivative clearing organization ("DCO"), as applicable. The exchange or DCO acts as an intermediary, and through the posting of initial and variable margin and

the financial guarantees from its members, exchanges and DCOs seek to reduce counterparty risk. Transactions entered directly between two counterparties generally do not benefit from the protections associated with transacting on an exchange or through a DCO and each party is exposed to the credit risk of the other. To the extent the Funds have entered into an OTC derivative with a counterparty and that counterparty enters bankruptcy, receivership or otherwise defaults on its obligations, the value of the Funds' assets may be negatively affected.

Use of Leverage

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

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

No Operating History

Each of the General Partner, the Advisor, the Master Fund and the Funds is a newly-formed entity and has no operating history upon which investors can evaluate its likely performance. Accordingly, an investment in the Funds entails a significant degree of risk.

Margin Borrowing

The Advisor may employ margin borrowing as part of the Funds' investment strategy. Margin borrowing increases returns to investors if the Funds earn a greater return on leveraged investments than the Funds' cost of such leverage. However, the use of margin borrowing exposes the Funds to additional levels of risk including (i) greater losses from investments than would otherwise have been the case had the Funds not borrowed to make the investments, (ii) margin calls or changes in margin requirements may force premature liquidations of investment positions, and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Funds' cost of leverage related to such investments. In case of a sudden, precipitous drop in value of the Funds' assets, the Funds might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying the losses incurred by the Funds.

Market Risks

The profitability of a significant portion of the Funds' investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that the Advisor will be able to predict accurately these price movements.

Master-Feeder Fund Structure

The Funds invest through a “master-feeder” structure. The Funds contribute substantially all of its assets to the Master Fund. The master-feeder fund structure, in particular the existence of multiple investment vehicles investing in the same portfolio, presents certain unique risks to investors. Smaller investment vehicles investing in a Master Fund may be materially affected by the actions of larger investment vehicles investing in the Master Fund. For example, if a larger investment vehicle withdraws from a Master Fund, the remaining funds may experience higher pro rata operating expenses, thereby producing lower returns. Similarly, a Master Fund may become less diverse due to a withdrawal by a larger investment vehicle, resulting in increased portfolio risk.

No Separate Counsel; No Responsibility or Independent Verification

Seward & Kissel LLP represents the General Partner, the Advisor, the Master Fund and the Funds (collectively, the “Parties”). The Funds do not have counsel separate and independent from counsel to the General Partner and the Advisor. Seward & Kissel LLP does not represent investors in the Funds and no independent counsel has been retained to act on behalf of Limited Partners. Seward & Kissel LLP is not responsible for any acts or omissions of the Parties (including their compliance with any guidelines, policies, restrictions or applicable laws, or the selection, suitability or advisability of their investment activities) or any administrator, accountant, custodian/prime broker or other service providers to the Parties. This Memorandum was prepared based on information furnished by the General Partner and the Advisor; Seward & Kissel LLP has not independently verified such information.

Short Sales

Short sales create certain potential risks that are not otherwise associated with a long only portfolio. For example, a short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase, which might prevent or limit the Funds’ ability to exit the short position.

There is also the risk that the securities borrowed by the Funds in connection with a short sale must be returned to the securities lender on short notice. If a request for return of borrowed securities occurs at a time when other short sellers of the security are receiving similar requests, a “short squeeze” can occur, and the Funds may be compelled to replace borrowed securities previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received in originally selling the securities short. The Funds’ inability to continue to borrow securities previously sold short may also force the Funds to unwind other elements of an investment position, possibly at a loss.

From time to time, various regulatory authorities have imposed “short-selling bans” in selected securities (often, however, a wide population of securities), making it difficult if not impossible to continue to implement certain long/short (as well as other) equity strategies.

For example, the SEC adopted an “uptick rule” in 2010 and securities exchanges have also reinstated “uptick rules” — generally prohibiting short sales unless the last recorded sale price of a stock was higher than the previous transaction. Over time, rules similar to the “uptick rule” could materially increase the Funds’ transaction costs by requiring the Advisor to delay executing certain short sales

(as well as to execute them at higher prices than would otherwise be the case), and in certain circumstances could prevent the Funds from acquiring a short position which the Advisor would otherwise have acquired for it.

Total Rate of Return Swaps

Under a total rate of return swap, the Funds may be obligated to make certain periodic payments in exchange for the total rate of return on a referenced asset, such as an eligible loan or bond, and such return will include interest and the gain or loss on such asset over the term of the swap. Swap facilities often require covenants or qualifications related to referenced assets, including, but not limited to, covenants or qualifications regarding ratings and liquidity of a referenced asset or the diversification of a portfolio as a whole. The Funds may be required to maintain collateral with the total rate of return swap counterparty. If the Funds fail to fulfill its payment obligations or fails to post any required collateral under a total rate of return swap or if the Funds have a substantial decline in capital account balance, the counterparty may declare an event of default and, as a result, the Funds may be required to pay swap breakage fees, suffer the loss of the amounts paid to the counterparty and forego the receipt from the counterparty of further total return swap payments.

Absence of Regulatory Oversight

While the Funds may be considered similar to an investment company, it does not intend to register as such under the Investment Company Act in reliance upon an exemption available to privately offered investment companies, and, accordingly, the provisions of the Investment Company Act (which, among other matters, require investment companies to have disinterested directors, require securities held in custody to at all times be individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company and regulate the relationship between the adviser and the investment company) will not be afforded to the Funds or the Limited Partners.

Accounting for Uncertainty in Income Taxes

The Financial Accounting Standards Board has released Accounting Standards Codification Topic 740 (“ASC 740”) (formerly known as “FIN 48”), to provide consistent guidance on the recognition of uncertain tax positions. ASC 740 prescribes, among other things, the minimum recognition threshold that a tax position is required to meet before being recognized in an entity’s financial statements. A prospective Limited Partner should be aware that, among other things, ASC 740 could have a material adverse effect on the periodic calculations of the value of the net assets of the Funds, including reducing the value of the net assets of the Funds to reflect reserves for income taxes that may be payable in respect of prior periods by the Funds. This could adversely affect certain Limited Partners, depending upon the timing of their purchase and withdrawal of their Interests.

Brokerage and Custodial Risk

There are risks involved in dealing with the custodians or prime brokers who settle Fund trades. The Funds maintain a custody account with its prime brokers and primary custodian JP Morgan Chase & Co. and Morgan Stanley & Co. Inc. (the “Prime Brokers”). Although the General Partner monitors the Prime Brokers and believes that it is an appropriate custodian, there is no guarantee that the Prime Brokers, or any other custodian that the Funds may use from time to time, will not become bankrupt or insolvent. While both the U.S. Bankruptcy Code and the Securities Investor Protection Act of 1970 seek to protect customer property in the event of a bankruptcy, insolvency, failure, or liquidation of a

broker-dealer, there is no certainty that, in the event of a failure of a broker-dealer that has custody of Funds assets, the Funds would not incur losses due to its assets being unavailable for a period of time, the ultimate receipt of less than full recovery of its assets, or both.

The Funds and/or the Prime Brokers may appoint sub-custodians in certain non-U.S. jurisdictions to hold the assets of the Funds. The Prime Brokers may not be responsible for cash or assets which are held by sub-custodians in certain non-U.S. jurisdictions, nor for any losses suffered by the Funds as a result of the bankruptcy or insolvency of any such sub-custodian. The Funds may therefore have a potential exposure on the default of any sub-custodian and, as a result, many of the protections that would normally be provided to a fund by a custodian may not be available to the Funds. Under certain circumstances, including certain transactions where the Funds' assets are pledged as collateral for leverage from a non-broker-dealer custodian or a non-broker-dealer affiliate of the Prime Brokers, or where the Funds' assets are held at a non-U.S. custodian, the securities and other assets deposited with the custodian or broker may not be clearly identified as being assets of the Funds and the Funds could be exposed to a credit risk with regard to such parties. Custody services in certain non-U.S. jurisdictions remain undeveloped and, accordingly, there is a transaction and custody risk of dealing in certain non-U.S. jurisdictions. Given the undeveloped state of regulations on custodial activities and bankruptcy, insolvency, or mismanagement in certain non-U.S. jurisdictions, the ability of the Funds to recover assets held by a sub-custodian in the event of the sub-custodian's bankruptcy or insolvency could be in doubt, as the Funds may be subject to significantly less favorable laws than many of the protections that would be available under U.S. laws. In addition, there may be practical or timing problems associated with enforcing the Funds' rights to its assets in the case of a bankruptcy or insolvency of any such party.

Business and Regulatory Risks of Hedge Funds

The regulatory environment for hedge funds is evolving, and changes in the regulation of hedge funds may adversely affect the value of investments held by the Funds and the ability of the Funds to obtain the leverage it might otherwise obtain or to pursue its trading strategies. In addition, securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. Regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivative transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions. The effect of any future regulatory change on the Funds could be substantial and adverse resulting in materially diminished profitability of the investment opportunities of the Funds.

Cybersecurity Risk

The Funds, the Advisor and their service providers, including banks, broker-dealers, custodians and their affiliates, may be subject to operational and information security risks resulting from cyber-attacks. Cyber-attacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information, unauthorized asset transfers, and various other forms of cybersecurity breaches. Cyber-attacks affecting the Funds, the Advisor, or their service providers may adversely impact the Funds. For instance, cyber-attacks may interfere with the processing or execution of Funds transactions, cause the release of confidential information, including private information about Limited Partners, subject the Funds, the Advisor or their affiliates to regulatory fines or financial losses, or cause reputational damage. Additionally, cyber-attacks or security breaches (e.g., hacking or the unlawful withdrawal or transfer of funds), affecting any of the Funds' key service providers, such as the Advisor, banks, broker-dealers, custodians, or other counterparties holding assets of the Funds, may cause significant

harm to the Funds, including the loss of capital. Similar types of cybersecurity risks are also present for issuers of securities in which the Funds may invest. These risks could result in material adverse consequences for such issuers, and may cause the Funds' investments in such issuers to lose value. While the Advisor has instituted specific policies and has engaged specialized vendors to manage cybersecurity risk and disaster recovery, there are no assurances that these policies and vendors will mitigate risks associated with cybersecurity.

Lack of Liquidity of Funds Investments

Fund assets may include securities and other financial instruments or obligations that are thinly-traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to accurately value any such investments.

Limited Withdrawal and Transfer Rights

A Limited Partner generally will be permitted to withdraw all or any part of its Capital Account only in accordance with the terms described herein. Transfers of the Interests will be permitted only with the written consent of the General Partner. Accordingly, the Interests should only be acquired by investors willing and able to commit their funds for an appreciable period of time.

Non-Disclosure of Positions

Except as described in relation to the Strategic Relationship Agreement, in an effort to protect the confidentiality of its positions, the Funds generally will not disclose its positions to Limited Partners on an ongoing basis except as detailed in the monthly risk reports, although the General Partner, in its sole discretion, may permit such disclosure on a select basis to certain Limited Partners.

Reliance on the Managing Member

The Funds rely heavily on the expertise and efforts of Mr. Vasserman, the Managing Member of the Advisor and the General Partner. Mr. Vasserman is responsible for all of the major decisions affecting the Funds. Should Mr. Vasserman determine to discontinue managing the affairs of, or withdraw from, the Advisor or should Mr. Vasserman die, be incapacitated or, for some other reason, be unable to effectively manage the affairs of the Advisor, the business and results of the operations of the Funds may be adversely affected.

Unrelated Business Taxable Income for Certain Tax-Exempt Investors

Pension and profit-sharing plans, Keogh plans, individual retirement accounts and other tax-exempt investors may realize "unrelated business taxable income" as a result of an investment in the Funds since the Funds may employ leverage. See Section 15 "Taxation." Any tax-exempt investor should consult its own tax adviser with respect to the effect of an investment in the Funds on its own tax situation.

2. CONFLICTS OF INTEREST

Time and Commitment

The Advisor will use its best efforts in connection with the purposes and objectives of the Funds and will devote so much of its time and effort to the affairs of the Funds as may, in its sole judgment, be

necessary and appropriate to accomplish the purposes of the Funds. The Funds Agreement specifically provides that the Advisor (or its members, principals, affiliates and employees) may conduct any other business, including any business within the financial industry and for its other entities, funds or accounts (the “Other Clients”), whether or not such business is in competition with the Funds. Without limiting the generality of the foregoing, the Advisor (or its members, principals, affiliates and employees), and members of the Governance Committee may act as general partner, investment adviser or Advisor for others, may manage funds or capital for others, may have, make and maintain investments in its own name or through other entities and may serve as an officer, director, consultant, partner or stockholder of one or more companies, investment funds, Funds, securities firms or advisory firms. The Funds Agreement also recognizes that it will not always be possible or consistent with the investment objectives of the various persons or entities described above and of the Funds for the same investment positions to be taken or liquidated at the same time or at the same price or to pursue certain rights that it may be possible to exercise in relation to a particular investment held by an Other Client. In this regard, certain Other Clients may in the future be structured as separately managed accounts or similar proprietary structures that are subject to less restrictive liquidity terms than those of the Funds, including terms related to suspensions. In creating these other products for one or more Other Clients, the returns associated with the Limited Partners would be adversely affected if Other Clients are able to withdraw their investments prior to withdrawals by the Limited Partners.

Other Activities

The Advisor (and its members, principals, affiliates and employees) may serve as investment adviser or Advisor to other client accounts and may conduct investment activities for its own accounts. These Other Clients may have investment objectives or may implement investment strategies similar to those of the Funds.

Different Levels of Compensation from Other Clients

The level of incentive compensation and fixed fees that the Advisor and its affiliates are entitled to receive from the Funds and such Other Clients may vary (in certain instances the Funds’ fees may be lower than the fees charged to the Other Clients), and the Advisor and its affiliates may have significant investments in certain Other Clients. As a result, the Advisor and its affiliates and investment personnel will have an incentive to favor accounts that pay the Advisor and its affiliates higher incentive compensation and fees or in which they have a more significant proprietary interest, including in the allocation of investments, time and attention.

Proprietary Accounts

In addition, the Advisor’s affiliates may from time to time, establish separate investment accounts or vehicles for their own accounts that are comprised of proprietary and employee capital (referred to as “Proprietary Accounts”). The strategies employed for such accounts may be similar and/or dissimilar to, or overlapping with, the investment strategies that the Advisor employs for its clients, including the Funds. This creates potential incentives for the Advisor and, in particular, investment personnel of the Advisor to favor the Proprietary Accounts over the client accounts, including without limitation, with respect to allocation of investments, time and attention. The Advisor seeks to treat any Proprietary Accounts in the same manner as client accounts with respect to the investment allocation and other procedures described in the governing documents of the Advisor’s clients. As a result of the Funds’ investment strategies and other considerations, there will be times when the activities for the Funds differ from the activities for the Proprietary Accounts and/or accounts in which the Advisor

and its affiliates have significant personal investments, including with respect to investment allocations and trading.

Allocation of Investment Opportunities

The Advisor (or its members, principals, affiliates and employees) may give advice or take action with respect to the Other Clients that differs from the advice given with respect to the Funds. To the extent a particular investment is suitable for both the Funds and the Other Clients, the Advisor will have policies in place to determine which client should be allocated such investment. From the standpoint of the Funds, this will be deemed to limit the universe of potential investments in which the Funds may invest. In addition, in some cases the Advisor may be exposed to material non-public information in connection with its review of potential investments for Other Clients, which would then limit the Funds from investing in such companies until such information is either made public or is no longer material.

Expense Allocations

The Funds bear their own expenses as described in this Memorandum. Each Other Client bears its own expenses as set forth in its respective investment management or other agreement with the Advisor or its affiliates. Expenses borne by the Other Clients may differ from the expenses borne by the Funds. In certain instances, the Funds may bear expenses that the Advisor has agreed to bear for one or more Other Clients. In other instances, the Other Clients may bear expenses that the Advisor has agreed to bear for the Funds.

Common expenses may be incurred on behalf of the Funds and one or more Other Clients. The Advisor will seek to allocate those common expenses among the Funds and the Other Clients in a manner that is fair and reasonable over time. However, expense allocation decisions will involve potential conflicts of interest (e.g., an incentive to favor accounts that pay higher incentive fees, or conflicts relating to different expense arrangements with certain clients). Under its current expense allocation policies, the Advisor generally expects to allocate common expenses among the Funds and the Other Clients pro rata based on relative assets under management. The Advisor may, however, use other methods to allocate certain common expenses among the Funds and the Other Clients if it deems another method more appropriate based on relative use of the product or service, the nature or source of the product or service, the relative benefits derived by the Funds and the Other Clients from the product or service, or other relevant factors. Nonetheless, the portion of a common expense that the Advisor allocates to the Funds for a particular product or service, may not reflect the relative benefit derived by the Funds from that product or service in any particular instance. The Advisor's expense allocations often depend on inherently subjective determinations and, accordingly, expense allocations made by the Advisor in good faith will be final and binding on the Funds.

As a result of the foregoing, the Advisor (and its members, principals, affiliates and employees) may have conflicts of interest in allocating its time and activity between the Funds and the Other Clients, in allocating investments among the Funds and the Other Clients and in effecting transactions between the Funds and the Other Clients, including ones in which the Advisor (and its members, principals, affiliates and employees) may have a greater financial interest.

Valuation

In calculating the Master Fund's net assets, the Administrator is entitled to rely on information provided by the Advisor. Because the General Partner is allocated a percentage of the Master Fund's

net profits, the Advisor's involvement regarding valuation of the Master Fund's portfolio may present a potential conflict of interest because the Advisor would benefit from higher valuations. Higher valuations, which are generally associated with better performance, result in higher Management Fees for the Advisor, a larger Incentive Allocation for the Advisor's affiliate and easier marketing conversions when marketing the Advisor's investment management services. Notwithstanding this potential conflict of interest, the Advisor relies on the Administrator for its valuation services, and the Administrator, in most cases, relies on pricing from independent sources such as brokers and exchange data to value the Master Fund's portfolio

Cross Trades

Accounts managed by the Advisor or its affiliates may from time to time engage in cross trades where the same security is simultaneously bought and sold or covered and shorted by the Funds and by Other Clients managed by the Advisor (or its affiliates) or other inter-fund transactions (including rebalancing fund assets as a result of contributions or withdrawals from funds). Cross trades will be effected either by trading the security in the open market or by a direct transfer between the accounts of the Advisor's clients. In either case, cross trades will be effected at market value. Because such transactions could be viewed as transactions between the Advisor (and/or its members, principals, employees or affiliates) and the relevant account, to the extent required by law, the Advisor will adopt certain additional procedures to be followed to address any conflict of interest with respect to these transactions.

The Advisor may rebalance the portfolios of its clients through a cross trade, by selling a position in one portfolio to another portfolio. In doing so, one portfolio will have increased its exposure to a particular security at the same time another portfolio has decreased its exposure to such security and, as a result, subsequent movements in the price of the security may cause one portfolio to have gains or losses that would have been realized by the other portfolio. The Advisor will perform such transactions in accordance with its policies and procedures governing cross trades. The Advisor believes that rebalancing through a cross trade provides a benefit to both portfolios as the transaction occurs at a lower cost and a better or equal price than would otherwise be available in the public market. In executing the Subscription Agreement, prospective Limited Partners are deemed to specifically consent to the foregoing arrangement as well as to the potential resulting conflicts associated with such cross trades.

Master-Feeder Structure

The use of a master-feeder structure also may create a conflict of interest in that different tax considerations for the Funds and other feeder funds may cause the Master Fund to structure or dispose of an investment in a manner that is more advantageous to one feeder fund.

Co-Investments

There are risks and conflicts associated with the offering of co-investment opportunities, co-investments and related expenses. The Advisor may, but is not required to, provide co-investment opportunities to third parties, including Limited Partners, strategic investors and/or other third parties not affiliated with the Advisor (or its members, principals, affiliates and employees). Co-investment opportunities are determined in the sole discretion of the Advisor, and a Limited Partner that desires to participate in a potential co-investment may not receive the full amount, or any amount, of its desired co-investment. When offering co-investment opportunities to a particular third party, the Advisor considers a variety of factors, including whether the co-investor may provide strategic value

to the Advisor, its clients, the Advisor's prior experience with the co-investor (if any), legal, tax and regulatory matters and whether such third party has previously expressed an interest in participating in co-investment opportunities. The Advisor (or its members, principals, affiliates and employees) may also participate, directly or indirectly, in co-investments and accordingly, this may reduce the availability of co-investment opportunities for third parties. The terms applicable to any co-investment opportunity will be established in the sole discretion of the Advisor, and co-investors may not be subject to any fee in relation to the co-investment opportunity.

Service on Boards and Committees

From time to time, senior management and key employees of the Advisor may serve as directors or advisory board members of certain public and private companies or on certain committees (e.g., creditor committee). These companies may include portfolio companies or other entities of the Other Clients or other companies (including companies that have publicly traded securities). In connection with such services, such persons may receive fees or other similar compensation attributable to such employees' services. In addition, as a result of such engagements the Advisor may receive material non-public information with respect to an issuer of publicly traded securities. In such circumstances, the Funds may be prohibited, by law, policy or contract, for a period of time from (i) unwinding a position in an issuer, (ii) establishing an initial position or taking any greater position in an issuer and (iii) pursuing other investment opportunities related to an issuer.

Investments by Investment Management Personnel

The investment management personnel may choose to personally invest, directly and/or indirectly, in the Funds. As Limited Partners of the Funds, these investment management personnel are in possession of information relating to the employees, the Master Fund and the portfolio that is not available to other Limited Partners and prospective Limited Partners. It is expected that, if such investments are made by these investment management personnel, the size and nature of these investments will change over time without notice to other Limited Partners. These Limited Partners may have preferential liquidity in certain circumstances. In addition, these Limited Partners may be subject to lower or no fees.

Item 9 - Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the adviser or the integrity of adviser's management.

There are no legal or disciplinary events that are material to an evaluation of the Adviser's advisory services or the integrity of management.

Item 10 - Other Financial Industry Activities and Affiliations

A. The Adviser is not registered, and does not have an application pending to register, as a broker-dealer or registered representative of a broker-dealer. Currently, no employees of the Adviser are registered representatives of a broker-dealer.

B. The Adviser and its management personnel are registered as a commodity pool operator and commodity trading advisor, and as associated persons of the foregoing entities.

C. The Adviser's Principal may be a member of a Fund. In the view of the Principal, this aligns the interests of the Principal with a Fund and its investors and does not result in any conflicts of interest between the Adviser and a Fund. Additionally, the Principal is also bound by the Adviser's Code of Ethics as discussed in Item 11 below.

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

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

A. The Adviser has adopted a written Code of Ethics designed to address and avoid potential conflicts of interest as required under Rule 204A-1 of the Advisers Act (the “Code”). The Code sets forth a standard of business conduct and compliance with federal securities laws by all of the Adviser's employees. The Code contains policies and procedures that ensure that all personal securities trading by employees of the Adviser is conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an individual's position of trust and responsibility. The Adviser prohibits personal trading on certain securities or instruments; requires pre-clearance of personal trades in certain circumstances, including purchases of an IPO or a new private placement; requires periodic reporting of employees' personal securities transactions and holdings; and requires prompt internal reporting of Code violations.

The Adviser has established procedures to prevent the abuse of material, non-public information, which includes procedures for, among other things, the use and maintenance of restricted trading lists. Because the structure of the Adviser would make information barriers impractical, the firm has not imposed information barriers to restrict the internal flow of possible material, non-public information. Thus, all professionals are deemed to be in receipt of material, non-public information, in all instances where any professional of the Adviser has received material, non- public information, and, therefore, may not trade on the basis of that information.

The Adviser will provide a copy of the Code to any investor or prospective investor upon request.

B. The Adviser's Principal may be a member of a Fund. Therefore, the Adviser may be deemed to recommend to Clients or buy or sell for Clients, investments in which the Adviser has a material financial interest.

C. The Principal may make capital commitments to a Fund. Such amounts may be invested pro rata with the members of a Fund in all Fund portfolio investments. In the view of the Principal, this aligns the interests of the Principal with a Fund and its investors and does not result in any conflicts of interest between the Adviser and a Fund.

D. Subject to the requirements of the Code, the Adviser may recommend investments to Clients, or make investments for Clients, at or about the same time that the Adviser or its related persons buys or sells the same investments for their own account.

Item 12 - Brokerage Practices

A. The Adviser has complete discretion to determine, subject to each Client's disclosed investment objectives, policies and strategies, the securities to be purchased or sold and in what amounts, the broker-dealers and other financial intermediaries use in effecting the transactions for Clients, and the commission rates to be paid for such transactions.

Brokerage. The Adviser selects the broker-dealers and other financial intermediaries used to effect transactions on behalf of its Clients. The Adviser seeks to obtain "best execution" from these broker-dealers based on a variety of factors. In selecting broker-dealers to effect portfolio transactions, the Adviser may cause a Client to enter into arrangements pursuant to which the Client pays transaction costs in an amount greater than would be incurred if another broker-dealer were used. The Adviser is not required to solicit competitive bids or seek the lowest available commission or transaction costs. The transactions executed by a Client may be cleared through, and the Client's investment instruments may be held by, a number of financial institutions the Adviser selects on terms negotiated with each such financial institution individually. Subject to the Adviser's agreement with each Client, the Adviser generally will use a variety of financial institutions both to take advantage of differing expertise and capabilities and to avoid, due to credit concerns, having all investment instruments concentrated at one firm. The Adviser does not consider the receipt of Client referrals when selecting broker-dealers to execute transactions.

The Adviser does not permit clients to direct brokerage to a specified broker-dealer. All brokerage transactions will be executed through the broker-dealers selected by the Adviser.

Soft Dollars. The Adviser or its affiliates may receive from a Client's broker-dealers products and services in addition to brokerage services.

A portion of the commissions generated on a Client's brokerage transactions may generate "soft dollar" credits that the Adviser is authorized to use to pay for research and other non-research related services and products used by the Adviser or its affiliates. The Adviser may enter into "soft dollar" arrangements with one or more broker-dealers whereby the Adviser will direct securities transactions to the broker-dealer in return for research products and services from the broker-dealer. Although the Adviser will use the research and services in making investment decisions for the applicable Client, the Adviser may use such research or services for other Clients and the applicable Client will generally pay more than the lowest available commissions for execution of these transactions. The Adviser may also enter into "soft dollar" arrangements to cover Client expenses or costs and expenses of the Adviser to the extent such arrangements are permitted by law.

The Adviser has authority to use "soft dollar" credits generated by a Client's securities transactions to pay for expenses that might otherwise have been borne by the Adviser. This may give the Adviser an incentive to select brokers or dealers for Client transactions, or to negotiate commission rates or other execution terms, in a manner that takes into account the soft dollar benefits received by the Adviser rather than giving exclusive consideration to the interests of the Clients.

In the event that the Adviser elects to use soft dollars, it intends to limit such use to services that fall within the safe harbor afforded by Section 28(e) of the Securities Exchange Act of

1934, as amended, or such services that are otherwise reasonably related to the investment decision-making process.

The term “soft dollars” refers to the receipt by an investment adviser of products and services provided by brokers, without any cash payment by the investment adviser, based on the volume of revenues generated from brokerage commissions for transactions executed for clients of the investment adviser. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation equipment).

The use of brokerage commissions to obtain investment research services and to pay for the administrative costs and expenses of the Adviser creates a conflict of interest between the Adviser and its Clients, because a Client may pay for such products and services that are not exclusively for the benefit of the Client and that may be primarily or exclusively for the benefit of the Adviser. To the extent that the Adviser is able to acquire these products and services without expending its own resources (including management fees paid by a Client), the Adviser’s use of “soft-dollars” would tend to increase the Adviser’s profitability. In addition, the availability of these non-monetary benefits may influence the Adviser to select one broker rather than another to perform services for its Clients. Certain of the Clients’ Governing Documents specifically authorize these practices to the fullest extent permitted by law.

B. In general (and when applicable), the Adviser attempts to aggregate multiple orders for the purchase or sale of the same instrument into block transactions, subject to the overall obligation to achieve best price and execution for its Clients.

Item 13 - Review of Accounts

A. The Principal of the Adviser is responsible for reviewing Client investment portfolios on a daily basis relating to, among other factors, position sizes; exposure levels; margin requirements; and investment strategy compliance.

B. See Item 13.A. above.

C. The Adviser provides Clients with periodic written reports and other communications.

Item 14 - Client Referrals and Other Compensation

- A. The Adviser does not receive any economic benefit, including sales awards or prizes, from any third party for providing advisory services to the Accounts.
- B. The Adviser does not directly or indirectly compensate any person who is not a member of advisory personnel for client referrals.

Item 15 - Custody

The Adviser is deemed, under Rule 206(4)-2 of the Advisers Act, to have custody of the assets of a Fund by virtue of the common control of the Adviser and the General Partner of a Fund. All assets and securities of a Fund or Accounts are held by qualified custodians.

Accounts may also periodically receive account statements from qualified custodians. Clients are urged to review and compare any account statements they receive from the qualified custodians with any they may receive from the Adviser.

Item 16 - Investment Discretion

The Adviser exercises discretion in managing the investments of the Accounts based on the Accounts' investment objectives, policies, and strategies disclosed in the Governing Documents.

The Adviser contractually assumes discretionary authority over the assets of the Accounts under an investment management agreement entered into among the Adviser and the Accounts.

Item 17 - Voting Client Securities

The Adviser follows a proxy voting policy to ensure that proxies the Adviser votes, on behalf of each Client, are voted to further the best interest of that Client. The policy establishes a mechanism to address any conflicts of interests between the Adviser and its Clients. Further, the policy establishes how a Client's underlying investors may obtain information on how the proxies have been voted.

The Adviser determines how to vote after studying the proxy materials and any other materials that may be necessary or beneficial to voting. The Adviser votes proxies in a manner that it believes reasonably furthers the best interests of its Clients and their investors and is consistent with the investment philosophy as set forth in the relevant Client Governing Documents.

If a proxy vote creates a material conflict between the interests of the Adviser and a Client, the Adviser will resolve the conflict before voting the proxies. The Adviser will take steps designed to ensure that a decision to vote the proxy was based on the Adviser's determination of the Client's best interest and was not the product of the conflict.

The Adviser maintains records of (i) all proxy votes that are made on behalf of its Clients; (ii) all written requests from each Client's underlying investors regarding voting history; and (iii) all responses (written and oral) to investors' requests. Such records are available to each Client's underlying investors upon request.

Item 18 - Financial Information

A. The Adviser does not require or solicit prepayment of more than \$500, six months or more in advance.

B. The Adviser does not believe it has any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to the Accounts.

C. The Adviser has not been the subject of a bankruptcy petition at any time during the past ten years.