



Part 2A of Form ADV

Brochure of

Kelly Park Investment LLC

A Delaware Limited Liability Company registered with the Securities and Exchange Commission as an Investment Adviser (CRD# 299882).

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THIS BROCHURE ("BROCHURE") PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF KELLY PARK INVESTMENT LLC. IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS BROCHURE, PLEASE CONTACT THE FIRM AT 212-710-4111 OR INVESTORRELATIONS@KELLYPARKCAPITAL.COM. THE INFORMATION IN THIS BROCHURE HAS NOT BEEN APPROVED OR VERIFIED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR BY ANY STATE SECURITIES AUTHORITY. ADDITIONAL INFORMATION ABOUT KELLY PARK INVESTMENT LLC IS AVAILABLE ON THE SEC'S WEBSITE AT WWW.ADVISERINFO.SEC.GOV.

The date of this Brochure is
March 27, 2020

The delivery of this Brochure at any time does not imply that the information contained herein is correct as of any time subsequent to the date shown above. This Brochure will supersede all other documents containing information about the Firm. Registration of an Investment Adviser does not imply any level of skill or training.



Item 2: Material Changes

For purposes of this Brochure, Item 2 discloses material changes since filing of the last Brochure dated January 25, 2019. There have been no material changes since our last filing.

Pursuant to SEC Rules, we will ensure that our clients receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We will make ongoing disclosures about material changes as necessary. Our Brochure may be requested by contacting our Chief Compliance Officer in writing at

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Item 4: Advisory Services

Kelly Park Investment LLC, whose offices are in New York, NY, is a Delaware limited liability company formed on September 18th, 2018 and together with its affiliate, Kelly Park Management LLC, which serves as the general partner to a limited partnership (collectively referred to as “Kelly Park” or the “Firm”), provide investment advisory services. Kelly Park’s primary offering allows individual investors, typically under the guidance of their wealth advisors, to customize exposure to privately offered investment vehicles managed by third party investment managers (each an “Underlying Fund”) that have been selected based upon Kelly Park’s investment, operational and business risk analysis and evaluation of such Underlying Fund and its third-party investment manager. Kelly Park provides this offering through private funds, organized in a master-feeder structure, that it advises on a discretionary basis, which includes KPC Investment Master Fund Ltd, (the “Master Fund”) and its respective feeder funds, KPC Investment Fund LP (the “Onshore Feeder”) and KPC Investment Offshore SPC (the “Offshore Feeder”), each a commingled private investment fund (each a “Feeder Fund” and collectively, the “Feeder Funds” and together with the Master Fund, the “Funds”). Kelly Park provides its advisory services in accordance with the limited partnership agreement (or analogous organization document), private placement memorandum, subscription documents, investment management agreement or advisory agreement (each, an “Advisory Agreement”) as applicable.

Kelly Park may, upon request, assist investors and/or their wealth advisors with understanding the combined effect of grouping various Underlying Funds together. For example, when requested, Kelly Park will design model portfolios of Underlying Funds for demonstration purposes based on investor input factors such as the allocation size, return mandate, risk sensitivity, and overall investment objectives.

The principal owners of the Firm are, Dean M. Rubino, Sean E. Westley and Scott A. Fine.

As of December 31, 2019, the Firm had approximately \$7,000,000 in assets under management on a discretionary basis in the Funds and advises no assets on a non-discretionary basis.

Item 5: Fees and Compensation



Each investor in a Feeder Fund is subject to a management fee, payable in arrears, which varies with the Underlying Fund allocation schema. The maximum management fee, inclusive of the portion charged by the Underlying Fund's third-party investment manager, shall not exceed 0.50% for each calendar quarter (approximately 2.0% annually) of invested capital including cash balances, as described in the Fund's offering documents. Again, this management fee is inclusive of both compensation to the Underlying Fund's third-party investment manager and to Kelly Park.

Each investor may also may be subject to an annual (or shorter period, where applicable) performance-based fee with respect to each Underlying Fund, the overall rate of which varies with the allocation among Underlying Funds. The maximum performance fee, however, inclusive of the portion charged by the Underlying Fund's third-party investment manager, shall not exceed 20% of the net profits allocated to an investor's respective Series' interest in the Underlying Fund for the period, subject to a "high-water mark." Again, this performance-based fee is inclusive of both compensation to the Underlying Fund's third-party investment manager and to Kelly Park.

The allocation of both management fees and performance-based fees between Kelly Park and the respective Underlying Funds will vary depending on the agreement Kelly Park has with each Underlying Fund. Kelly Park will also seek to negotiate lower investment minimums and different liquidity provisions than those typically imposed by the respective Underlying Funds in order to accommodate investors' ability to select such Underlying Funds for their respective Series. This presents a potential conflict of interest in that Kelly Park may be incentivized to select Underlying Funds that are willing to accept a smaller portion of the total management fees and/or performance-based fees, lower investment minimums or offer better liquidity terms. Kelly Park believes it has adopted adequate policy and procedures to mitigate this conflict of interest and act in the best interest of its clients. Investors in the Feeder Funds may pay higher fees than they would if they accessed an Underlying Fund manager directly and there is no assurance that Kelly Park will be able to obtain more favorable terms.

The Master Fund and Feeder Funds, on behalf of each segregated portfolio or Series, will pay, or reimburse Kelly Park for, all operating expenses and other costs of the Master Fund and Feeder Funds not otherwise required to be borne by Kelly Park. Each Series will also indirectly bear their pro rata share of expenses of the Underlying Funds in which the Series invests.

Expenses of the Feeder Funds and the Master Fund that will be borne indirectly by the investors include the following:

- (i) accounting, book-keeping and auditing fees and expenses;



- (ii) legal fees and expenses, including fees and expenses incurred in connection with each Feeder Fund's offering documents and supplements thereto, any offering of interests in the Feeder Funds, organizational documents of the Master Fund, the Feeder Funds (including applicable agreements), the segregated portfolios and the applicable Series and contracts and investments of the Master Fund, the Feeder Funds, the segregated portfolios and applicable Series;
- (iii) fees and disbursements of the Master Fund, the Feeder Funds, the segregated portfolios, the applicable Series, Kelly Park's attorneys, consultants, administrators and other third parties performing work benefiting the Master Fund, the Feeder Funds, the segregated portfolios and applicable Series (including the legal and other fees, costs and expenses of the Master Fund, the Feeder Funds, the segregated portfolios and/or the applicable Series in any threatened or actual litigation or governmental investigation or proceeding, the amount of any judgments or settlements paid in connection with such litigation or fines or penalties levied as a result of any such proceeding or investigation);
- (iv) insurance and bonding costs;
- (v) trading expenses and transaction costs, including brokerage commissions, expenses relating to short sales, markups in the bid/offer spread on option positions, clearing and settlement charges, interest on loans and debit balances, margin interest, broker service fees and other clearing and custodial expenses;
- (vi) expenses attributable to regulatory filings which are made with respect to the assets of the Master Fund, the Feeder Funds, the segregated portfolios and/or applicable Series (including filings required by federal and state securities laws, rules and regulations), fees or assessments in connection with any regulatory registrations, qualifications, reports, filings and/or approvals of the Master Fund, the Feeder Funds, the segregated portfolios, the Series or Kelly Park, and any other related compliance fees and expenses, deemed appropriate by Kelly Park;
- (vii) such research and portfolio management expenses as Kelly Park shall deem appropriate, which may include, but are not limited to, expenses incurred in connection with due diligence investigations or research of potential Underlying Funds and their investment advisers, including travel, lodging and other expenses incurred in connection with visits to Underlying Funds and their investment advisers, other companies, meetings, research symposiums and communications with Underlying Funds' investment managers, security holders, analysts and other third parties, costs of research reports, data feeds and databases, news wires and quotation services, periodical subscription fees and costs of software (including risk control software) utilized by Kelly Park in connection with



researching Underlying Funds, and similar expenses incurred in connection with the ongoing monitoring and due diligence of Underlying Funds;

- (viii) fees of the registered offices of the Master Fund and the Feeder Funds;
- (ix) director and independent board service fees;
- (x) the cost of preparation and distribution of reports and statements to investors;
- (xi) filing and recording fees;
- (xii) custodial fees, bank service fees, and fees or expenses associated with maintaining the assets of any segregated portfolios and applicable Series;
- (xiii) management fees;
- (xiv) applicable federal, state, local and foreign taxes payable by the segregated portfolios and applicable Series; and
- (xv) extraordinary expenses, such as indemnification and litigation expenses.

In addition to expenses described above, each segregated portfolio will indirectly bear similar expenses of the Underlying Funds in which the segregated portfolio invests in accordance with the terms of each such Underlying Fund.

Operating expenses of the Master Fund and the Feeder Funds shall be allocated to a particular segregated portfolio or Series if those expenses were incurred solely for the benefit of the segregated portfolio or Series; otherwise they will be allocated among each segregated portfolio or Series, as applicable, existing at the time such expenses were incurred pro rata based upon relative net asset value, unless Kelly Park determines that an alternative allocation would be more equitable for a particular expense.

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

In limited instances, Kelly Park is eligible to earn a performance-based fee in addition to a management fee. An adviser charging performance fees to some accounts faces a variety of conflicts because the adviser can potentially receive greater fees from accounts having a performance-based compensation structure than from those accounts it charges only a management fee unrelated to performance (e.g., an asset-based fee). As a result, the adviser may have an incentive to allocate certain investments in favor of the account that pays a performance-based fee. To mitigate these conflicts, the Firm's platform places the allocation discretion with the investor and their adviser representatives. Should an investor or their adviser seek the Firm's



input with respect to allocations, the Firm has developed models and procedures to allocate among Feeder Fund investors in a manner it believes to be as equitable as possible considering each investor's mandate, limitations and capital available for investment; however, even investors with similar objectives can have different investment portfolios. Additionally, performance-based compensation presents an incentive for the Underlying Funds to pursue investments which the Underlying Manager believes has the greatest potential for return and this may entail assuming a higher degree of risk.

Item 7: Types of Clients

The Firm's only clients include the Master Fund and Feeder Funds. Investors in the Feeder Funds are required to meet certain suitability thresholds, as stated in the offering materials, including the requirements for (i) an "accredited investor", as defined in Regulation D under the Securities Act of 1933, and (ii) a "qualified client" within the meaning of SEC Rule 205-3 promulgated under the Investment Advisers Act of 1940, as amended. Investors in the Feeder Funds are subject to acceptance by Kelly Park, investors must satisfy an initial minimum investment requirement of \$400,000 in the domestic feeder and \$500,000 in the offshore feeder with the minimum allocation to any Underlying Fund of \$100,000. The General Partner or Director(s) of the respective Feeder Fund may accept lower initial investments at their sole discretion.



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

Kelly Park identifies potential Underlying Funds through a variety of sources and generally favors those which are believed to be nimble, sector-focused, and / or may have a niche opportunity best exploited by a “hedge fund” structure. Other investment fund opportunities may be considered if Kelly Park believes doing so is in the best interest of its clients. Kelly Park believes that “nimble” investment managers and those with unique “alpha” producing strategies have a unique performance advantage over larger fund managers, including in general their greater ability to: capitalize on market inefficiencies, pursue limited-capacity trading strategies, and efficiently execute trades and pursue only their best investment ideas. Kelly Park intends to seek investment managers that it believes have substantial experience managing investment fund strategies and generating positive risk-adjusted returns. In addition, investment managers will be selected for their ability to, in Kelly Park’s opinion, earn returns that are largely uncorrelated to the broader markets and successfully manage risk. Once an investment manager and potential Underlying Fund have been selected for consideration, Kelly Park conducts a thorough evaluation of both the investment manager and potential Underlying Fund.

Kelly Park believes that an active allocation approach is critical to delivering consistent returns and evaluates Underlying Funds based upon performance, correlation to traditional public equity and fixed income markets and market conditions. The Underlying Fund selection process is driven by both quantitative and qualitative analysis. For each prospective selection of a new Underlying Fund, Kelly Park first conducts an evaluation of the Underlying Fund’s investment adviser and their strategy, team, and approach through analysis of, where applicable and among other criteria, its prior investment returns, portfolio exposures, current assets under management and investment strategy outlook. To accommodate investors ability to select Underlying Funds that will accept their allocation, Kelly Park may limit the available Underlying Funds to those where the Underlying Fund is willing to accept certain terms, including fee reductions, future capacity rights, enhanced redemption provisions, and certain information sharing arrangements, including information regarding the Underlying Fund’s investment strategy sufficient to consider the selection of the Underlying Fund and the estimates and indications of the Underlying Fund’s net asset value or account balance necessary to determine the respective Feeder Fund’s net asset value on the determination date. Any such agreed to fee reductions would not affect the aggregate amount of management fees and performance-based compensation that investors will incur.

Kelly Park also assesses an Underlying Fund’s investment adviser’s ability to operate effectively. The key components of this analysis include, but are not limited to, a review of key principals, organizational structure and terms of Underlying Funds, mid/back office operations, valuation



process, accounting practices and internal controls and procedures, disaster recovery plan and trading procedures.

At the request of investors, their wealth advisers or other representatives, Kelly Park may assist investors and/or their wealth advisers with understanding the combined effect of grouping various Underlying Funds together. However, investors can allocate their investable capital in any manner they choose, or based on their wealth adviser's advice, including to a single Underlying Fund or strategy.

Kelly Park anticipates that the number and identity of Underlying Funds and Strategies will vary over time, as Kelly Park determines based on its on-going due-diligence.

Use of Multi-Advisor Approach

General. Neither Kelly Park nor the Master Fund will have any control over the investments that the Underlying Fund's investment managers make for the Underlying Funds. Each investor may reallocate investments among Underlying Funds, but its ability to do so will be constrained by withdrawal limitations imposed by the Underlying Funds. These withdrawal limitations may well prevent an investor and Kelly Park, and therefore the segregated portfolio or Series corresponding to the investor, from reacting rapidly to market changes should an Underlying Fund fail to effect portfolio changes consistent with such market changes and the intentions of Kelly Park.

Underlying Funds will trade wholly independently of each other and, at times, may hold economically offsetting positions. To the extent that the Underlying Funds in a Series do, in fact, hold such positions, the segregated portfolio or Series, considered as a whole, cannot achieve any gain or loss despite incurring expenses. Gains achieved by one or more Underlying Funds may be partially or wholly offset by losses incurred by one or more other Underlying Funds.

Under certain circumstances, an Underlying Fund's investment manager may be compelled to liquidate positions in order to generate funds needed to meet margin calls, to fund withdrawal requests or meet other capital requirements. Such liquidations could disrupt the investment manager's trading system or method.

Underlying Manager Concentration. A Portfolio may not be highly diversified among Underlying Funds. Accordingly, an investor's segregated portfolio or Series may be subject to more rapid change in value than would be the case if the segregated portfolio or Series maintained a wider diversification among Underlying Funds.

Dependence on Forecasts. Kelly Park's determination of suitable Underlying Funds relies on a multitude of variables including macroeconomic forecasts, investor demand, asset class and style



returns, hedge fund manager behavior, and hedge fund skill. There can be no assurance that Kelly Park will be able to accurately predict any of these variables.

Descriptive Accuracy of Investment Program. Underlying Funds often follow complex investment strategies that are difficult to characterize clearly. The respective investment managers occasionally mischaracterize or fail to describe material aspects of their strategies in the applicable Underlying Fund offering documents in order to appear more skilled, controlled or straightforward than they actually are.

Style Drift. Underlying Funds may change their strategy in material ways over time, and sometimes quickly. As a result, an Underlying Fund chosen to implement a particular investment strategy may be implementing a different, less desirable strategy. Moreover, Underlying Managers may drift away from niches or trades experiencing poor short-term results into those experiencing strong ones, a tendency that can result in greater risk by reducing diversification among Underlying Funds.

Limited Predictive Value of Historical Returns. The strategies of the Underlying Funds can be varied in terms of style and risk profile and therefore historical returns are often used to provide indications of what investors can expect in the future. However, attractive historical returns provide no assurance that future results will be similar even under similar market conditions as occurred in the past.

Incentive-Based Compensation Arrangements. In investing in the Fund, which invests in Underlying Funds, an investor will, in effect, incur the costs of two forms of investment management services, namely, the services provided by Kelly Park in identifying suitable Underlying Funds and the services provided by an Underlying Fund's investment manager in selecting investments on behalf of their Underlying Funds. Both Kelly Park and the Underlying Managers may receive incentive-based compensation from or with respect to each segregated portfolio's investments in the Underlying Funds. As an Underlying Fund's investment manager will be compensated based on the performance of its own Underlying Fund, an investment manager may receive incentive compensation from a segregated portfolio or Series in respect of the segregated portfolio's investment in the applicable Underlying Fund for a particular period, even if the segregated portfolio as a whole depreciated during in value during such period.

In addition, incentive-based compensation, including the Investment Manager's Master Fund Incentive Compensation (if any with respect to an Underlying Fund), may create an incentive for the Underlying Fund's investment manager to make investments that are riskier or more speculative than would be the case in the absence of such incentive-based compensation.



Underlying Fund Expenses. Multi-manager investment vehicles, such as the Master Fund, necessarily incur a share of expenses of their underlying investment entities. Investors in the Feeder Funds will indirectly bear their ratable share of the expenses (and fees, as described above) of relevant Underlying Funds. Some Underlying Funds may have significant operating expenses. Strategies utilized by certain investment managers may require frequent trading, and, as a result, portfolio turnover and brokerage commission expenses may significantly exceed those of other investment entities of comparable size.

Valuation Matters. The Master Fund's multi-manager approach will place certain constraints on its ability to value Master Fund assets. The interests of the Underlying Funds will be valued at the net asset value calculations provided by the Underlying Fund's investment manager (or any affiliates or service providers thereof). Underlying Fund investment managers may invest in securities and instruments with no current market or for which a market value is not readily determinable. Although Kelly Park, in evaluating potential Underlying Funds, will endeavor to assess the integrity and frequency of their reporting practices, and will consider audited financial statements, which confirm valuations, and/or administrator statements, Kelly Park will not be required to, nor will it normally be in a position to, independently verify portfolio valuations, performance data or other information furnished by Underlying Funds' investment managers.

Withdrawal Limitations. Underlying Funds typically have a variety of limitations upon withdrawals of capital, with many permitting such withdrawals only at quarterly intervals, in some cases only after a so-called "lock-up" period of a year or possibly longer. For the avoidance of doubt, an investors ability to withdraw from a Series will generally not be more frequent or on more favorable terms than the Master Fund's ability to withdraw/redeem from the relevant Underlying Fund. Pursuant to side letter agreements between the Master Fund (on behalf of the relevant segregated portfolio) and certain Underlying Fund's investment manager and/or their affiliates (and as may be permitted by the offering and governing documents of the relevant Underlying Fund), the Master Fund intends to seek to negotiate favorable withdrawal/redemption terms with respect to its investments in the relevant Underlying Fund (e.g., waiver of "lock-up" periods, withdrawal/redemption fees and/or "gate" restrictions). However, there can be no assurances or guarantees that such favorable withdrawal/redemption terms will be offered to the Master Fund.

Withdrawal limitations of Underlying Funds can impair investors' and Kelly Park's ability to react rapidly to a variety of important events affecting the segregated portfolios and one or more Underlying Funds, including poor performance by one or more Underlying Funds investment managers, significant market or economic developments, changes in asset class or sector outlook



or other events dictating a reallocation of segregated portfolio capital. In addition, an investors' effectiveness in reallocating capital will be affected by the timeliness and quality of information it obtains as to the Underlying Funds.

Monitoring; Limited Available Information. Although Kelly Park will endeavor to monitor Underlying Funds on an ongoing basis as it deems appropriate, Kelly Park will not, as a general matter, in the case of each Underlying Fund invested in by the segregated portfolios, have access to information about the underlying portfolio positions on a daily or regular basis and will be dependent upon information furnished periodically and to varying degrees by the Underlying Fund's investment managers (in addition to audited financial statements and/or administrator statements, where available). Furthermore, Underlying Fund investment managers and Underlying Funds will typically not be required under applicable laws to make public disclosures regarding their operations and performance; as a result, the amount of publicly available information that may be used by Kelly Park in identifying and monitoring these investment managers and their Underlying Funds may be relatively small. Investors in Underlying Funds typically have no right to demand immediate information from their Underlying Funds. Accordingly, Kelly Park may not be in a position to analyze or respond to developments within any particular Underlying Fund unless and until information relating thereto is disseminated by the Underlying Fund to its investors, including the segregated portfolios. Such information may not necessarily be timely, accurate or complete, which often make it impossible to verify that Underlying Funds and their investment managers are following their investment program and complying with expected concentration and exposure limits.

Kelly Park will (i) monitor communications from Underlying Funds in connection with its ongoing determination of whether it can continue to recommend that the Master Fund hold investments in an Underlying Fund and (ii) provide Underlying Fund performance information to investors. Kelly Park will not, however, pass on to investors the communications it receives from the Underlying Funds as these are typically subject to certain confidentiality and regulatory conditions which prohibit Kelly Park from disseminating the materials of third-party investment funds. As a result of the foregoing, although investors and their advisers will benefit from the continuing professional and experienced analysis of the Underlying Funds by Kelly Park, an investor and its advisers are likely to have less direct information on which to base Underlying Fund Allocation decisions than direct investors in an Underlying Fund.

Limited Regulation. The Underlying Funds may employ investment managers that are not subject to provisions or laws enacted by various jurisdictions that are designed to protect investors contracting with entities for the provision of money management services. Underlying Funds



eligible for investment by the segregated portfolios, like their investment managers, will be subject to varying levels of regulation.

Operational Risk. Inherent in the Master Fund's strategy is the operational risk that the policies and procedures of the Underlying Funds' investment managers may not be followed or, even if followed, may not adequately mitigate a particular risk. There can be no assurance that Kelly Park's due diligence will be sufficient to ensure that all internal controls are being followed and that a fraudulent scheme devised by an Underlying Fund's investment manager will be detected.

Nature of Underlying Managers. Kelly Park anticipates that many of the Underlying Funds' investment managers will rely on the services of a small number of key personnel in managing the assets of their Underlying Funds. The death, disability or departure of the key personnel of an Underlying Fund's investment manager could adversely affect the Underlying Fund's investment manager's ability to manage the Underlying Fund's assets. Moreover, no assurance can be given that suitable replacement personnel will be retained by the Underlying Fund's investment manager.

Limited Selection of Underlying Funds. The Investment Manager will select only a limited subset of all available potential Underlying Funds. As a result, an investor is restricted in the number of potential Underlying Funds among which it can choose to allocate its investment in the Master Fund, compared to the number of private funds in which an investor may be eligible to invest were it to invest directly. Although Kelly Park will seek to select as Underlying Funds that will achieve the investment objectives of the segregated portfolios and the Master Fund, there can be no assurance or guarantee that the Underlying Funds will outperform other similar private funds not selected to be Underlying Funds.

Limitation on Selection of Underlying Funds Related to CFTC Regulation. Kelly Park and its applicable affiliated will rely on an exemption from registration as a CPO under the Commodity Exchange Act that requires each Portfolio to satisfy certain limits with respect to its investments into Commodity Pool Funds. As a result, in making its Underlying Fund allocations an investor must either (i) select a portfolio of Underlying Funds each of which, if it is a Commodity Pool Fund, will satisfy the commodity interest limits of CFTC Rule 4.13(a)(3), or (ii) select a portfolio of Underlying Funds whereby no more than fifty percent (50%) of the assets of the portfolio are invested in Commodity Pool Funds. The above limitations may result in an investor being unable to make its preferred Underlying Fund allocations if it wishes to allocate greater than 50% of the segregated portfolio to Underlying Funds that are Commodity Pool Funds that will not all satisfy the commodity interest limits of CFTC Rule 4.13(a)(3).



Impact of the Master Fund's Investment Strategy and Compensation Arrangements on the Universe of Potentially Available Investments; Other Considerations. The selection of Underlying Funds requires the exercise of judgment by Kelly Park. Kelly Park may, at times, decide not to select certain Underlying Funds that would have yielded profits or avoided losses if selected by an investor. In addition, Kelly Park's intention to seek Underlying Funds that are willing to provide favorable or advantageous terms to the Master Fund will limit the universe of private funds that the Master Fund will make available to the investors.

Direct Investing may be Less Expensive. An investor in the Master Fund meeting the eligibility conditions imposed by the Underlying Funds, including minimum initial investment requirements that may be substantially higher than those imposed by the Master Fund, could invest directly in the Underlying Funds. Such a direct investment in the Underlying Funds might be subject to more favorable taxation and lower fees than an indirect investment through the Master Fund.

Emerging Manager Risk. Kelly Park may selectively invest in Underlying Funds considered to be "emerging" either due to their lack of operating history, lower amount of assets under management, and/or nascent infrastructure. While such funds may provide significant potential for returns, investments in smaller funds may involve higher risks than investments in larger funds. Smaller funds are typically subject to start-up operational risks such as limited operating histories, management with limited business management experience and insufficient resources to implement best practices with respect to the firm's infrastructure, operational processes or risk management tools. The size and lack of experience of an emerging fund manager may hinder the manager's ability to take advantage of investment opportunities and may limit the performance of the Underlying Fund and the Master Fund.

Potential Investment Strategies of the Underlying Funds

Kelly Park will generally select for investment by the Master Fund Underlying Funds pursuing one or more of the following investment strategies. Each of these investment strategies has various risks, which are discussed below.

Long/Short Equity. Investment managers employing a long/short equity strategy seek to profit from stock selection, based primarily on fundamental or quantitative company analysis. These managers buy stocks they believe to be underpriced with the expectation that they will increase in value (called "going long") and sell short stocks they believe to be overpriced with the expectation that they will decrease in value (called "going short"). An Underlying Fund's net



market exposure (that is the value of the allocation to long positions minus that to short positions) may be net long (with a larger allocation to long than short positions), balanced or net short. Such managers have the flexibility to set and adjust this net market exposure based on their preferred investment style, their bullishness or bearishness on the broad direction of equity indices, as well as the attractiveness of their investment opportunities. It is common for long/short equity portfolios to be net long much of the time, but the size of this net long exposure will typically be lower than that of a traditional long-only equity fund. In cases where an investment manager has a high degree of conviction in a long or short position, the Underlying Fund's allocation to that stock may be more concentrated than is typical in a traditional long-only equity fund. Underlying Funds may have a broad global mandate (including developed and emerging markets), or they may specialize in stocks in a particular geographic area, industry or market capitalization segment, including small and micro-capitalization companies. Investment managers employing a long/short equity strategy can use leverage to amplify potential gains and losses.

Long/Short Fixed Income. A long/short fixed income strategy has many similar characteristics to a long/short equity strategy. This strategy focuses on taking long positions in securities issued by entities and governments that the investment managers believe have sound balance sheets and favorable credit fundamentals and short positions in securities issued by companies that the investment managers believe have weakening credit fundamentals. Short positions involve selling a security the Underlying Fund does not own or buying a derivative on a security in anticipation of fundamental credit deterioration and a subsequent decline in price. Underlying Funds may have a broad global mandate (including developed and emerging markets), or they may specialize in fixed income in a particular geographic area, industry or market capitalization segment. Long/short fixed income strategy investment managers can use leverage to amplify potential gains and losses. The Underlying Fund's investments may include securities issued by domestic and foreign governments, supra-national entities (*e.g.*, World Bank and International Monetary Fund), corporate entities and trust structures. An Underlying Fund employing a long/short fixed income strategy may invest in a broad array of bonds and other debt securities, including: corporate bonds; securities issued by foreign governments; securities issued or guaranteed as to principal or interest by the U.S. government or any of its agencies or instrumentalities; inflation-linked debt securities issued by domestic and foreign governments or corporate entities; municipal issuers within the U.S. and its territories; when-issued and forward-settling securities; mortgage-backed securities and other asset-backed securities; subordinated debt securities (commonly known as "mezzanine securities"), hybrid securities (including convertible securities), loans (including bridge loans and loan participations), trade claims (*i.e.*, claims of suppliers for goods delivered and not paid, claims for unpaid services rendered, and commercial paper).



Equity Market Neutral. Equity market-neutral strategies seek to profit from forecasting the relative performance of individual stocks against other comparable peer stocks, while taking little net market exposure. Investment managers typically use sophisticated quantitative trading models to implement their strategies. These investment managers buy stocks that their models forecast will outperform peer stocks and sell short those that are expected to underperform. The accuracy of these model forecasts for any single given stock tends to be low, so equity market-neutral portfolio managers generally build diversified portfolios of hundreds of stocks or more in an attempt to improve the aggregate predictive success of the strategy. Underlying Funds employing an equity market neutral strategy are constructed to be close to market-neutral either on a dollar basis (meaning the total value of long positions is roughly equal to the short positions) or on a beta basis (meaning the sensitivity of the long positions to a move in the broad stock index is roughly equal in size to the sensitivity of the short positions). This means that relative price movements among stocks, rather than movements in the broad stock market index, will usually drive strategy returns. Investment managers also may choose to balance evenly their long and short portfolio exposure to other risk or style factors such as market capitalization, geography and sector exposure. Significant leverage may be applied to increase potential gains and losses.

Global Macro. Global macro strategies seek to generate returns by identifying mispriced assets around the world, using macroeconomic analysis. These Underlying Funds have a broad authority to invest long or short across geographies, including both developed and emerging markets, as well as across asset classes, including equities, fixed-income, credit, currencies and derivatives of all of these. Some Underlying Managers may however choose to participate in only a subset of these markets based on their experience and expertise. Global macro Underlying Managers may analyze economic data, fiscal and monetary policy, asset valuations, price trends and other factors in determining their investment view. Underlying Fund positions can be “directional” or “relative value.” Directional trades involve long or short positions that seek to participate in the absolute rise or fall in prices of individual markets. In contrast, a relative value trade seeks to participate in the relative outperformance of one asset against another through a long position in one asset paired against a short position in another. Global macro strategies may use significant leverage, especially in relative value positions. Such leverage may not be financial leverage involving borrowed money, but rather may be economic leverage that is implicit in derivative instruments.

Event Driven Strategies. Event driven strategies include (but may not be limited to) investing in spin-offs, stub-trades, post-restructuring equities, post-bankruptcy equities, risk (merger) arbitrage, shareholder activism, statistical arbitrage (including relative value arbitrage), litigation equity trades and recapitalizations. A post-restructuring equity investment involves purchasing the equity of a company that has completed a recent restructuring, most commonly as part of a



bankruptcy plan. Spin-offs are subsidiaries of large public companies that are distributed to shareholders as a means of enhancing shareholder value. Risk arbitrage is a strategy that seeks to capitalize on perceived pricing discrepancies, or “spreads,” in the equity securities of two companies involved in announced corporate transactions, such as mergers, tender or exchange offers, reorganizations, liquidations and recapitalizations. For merger transactions, the strategy typically entails buying the security of the company being acquired, while simultaneously selling short the security of the acquirer. When a merger deal is pending, uncertainty about the outcome typically creates a pricing disparity; the stock of the target company typically sells at a discount to the expected acquisition price. Investment managers investing in merger arbitrage seek to capture the spread between the current stock price and the price upon the completion of the deal. In a cash/tender transaction, the investment managers seeks to capture the spread between the tender price and the price at which the target company’s stock is trading.

Statistical Arbitrage. Statistical arbitrage is a strategy that seeks to exploit temporary price disparities among equity securities that historically have maintained stable price relationships. A statistical arbitrage strategy uses quantitative models to determine which securities to purchase and which to sell short, and to measure market exposure. Often, these models rely upon fundamental balance sheet and income statement data such as: earnings yield, dividend yield, revisions in earnings forecasts, relationships between market capitalization, revenues and net asset values, earnings forecasts and price histories. Other statistical arbitrage approaches utilize factor analysis to measure factor risks and relative attractiveness. Investment managers that employ a statistical arbitrage strategy purchase and sell securities in relative quantities in a manner designed to result in an aggregate portfolio that is typically neutral to broad equity market movements and/or to exposure across sectors, investment style and market capitalization.

Currency Strategies. The Underlying Funds may invest a portion of their assets in instruments denominated in currencies other than the U.S. dollar, the prices of which are determined with reference to currencies other than the U.S. dollar. The Underlying Funds, however, generally value their securities and other assets in U.S. dollars. To the extent unhedged, the value of an Underlying Fund’s assets will fluctuate with U.S. dollar exchange rates as well as with the price changes of the Underlying Fund’s investments in the various local markets and currencies. Thus, an increase in the value of the U.S. dollar compared to the other currencies in which the Underlying Fund makes its investments will reduce the effect of increases and magnify the effect of decreases in the prices of the Underlying Fund’s securities in their local markets. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on the Underlying Fund’s non-U.S. dollar securities. The Underlying Funds also may utilize financial instruments such as currency options and forward



contracts to hedge currency fluctuations, but there can be no assurance that such hedging transactions (if implemented) will be effective.

Fixed Income Relative Value. This strategy attempts to take advantage of pricing inefficiencies between similar or related fixed-income instruments. To execute this strategy, an investment manager will generally invest in undervalued or higher-yielding fixed-income instruments, while seeking to hedge some types of risk, such as interest rate risk, with offsetting short positions in lower-yielding, fairly valued or overvalued instruments with similar characteristics. Mispricing in related fixed income instruments can arise for microeconomic reasons, such as an imbalance in supply and demand for certain issues, or for macroeconomic reasons, such as central bank policy. A fixed income relative value Underlying Fund has the potential to profit from a positive yield differential between a long position and its short hedge, as well as from any favorable price appreciation of the undervalued long position relative to the short position. The universe of fixed-income instruments is broad, is not limited to any range of maturity and, includes US and foreign sovereign debt securities, mortgage-backed securities, asset-backed securities, corporate credit as well as related derivatives in all of these sectors. Such securities may be investment grade, below investment grade (commonly referred to as “junk bonds”) and distressed. The use of derivatives such as swaps, futures and options is extensive. Significant leverage may be used to increase potential profits and losses.

Derivatives. Underlying Funds may use derivatives, typically, options and futures on equity or fixed income, to create synthetic exposure to these securities for the purposes of increasing portfolio profitability or hedging against certain strategy risks, including short selling risk.

An option contract is a bilateral agreement that permits, but does not obligate, the purchaser, in return for a premium paid to the writer (seller) of the option, to buy an asset from (in the case of a call option) or sell an asset to (in the case of a put option) the writer (seller) at a specific price (the “**Strike Price**”) on or before the expiration date of the contract. An investment manager may purchase a call option or write (sell) a put option on an equity or fixed income security if the investment manager expects the value of such security to increase during the term of the option. Alternatively, an investment manager may purchase a put option or write (sell) a call option on a security if the investment manager expects the market value of that security to decrease during the term of the option. The exercise of an option settles in cash. An Underlying Fund may close out a call or put written by purchasing a call or put, respectively, on the same security and with the same Strike Price and expiration date. To close out a position as a purchaser of an option, an Underlying Fund may sell the option previously purchased, although the Underlying Fund could exercise the option should it deem it advantageous to do so. Investment managers may also seek



to profit through the time decay of option premiums by selling put option spreads that the investment manager believes will expire worthless.

A futures contract is a bilateral agreement where one party agrees to accept delivery/purchase an asset (a long position), and the other party agrees to make delivery/sell the asset (a short position), as called for in the contract, on a specified date (the “**Settlement Date**”) and at an agreed-upon price. An investment manager may take a long position in a futures contract if the investment manager expects the value of the security to increase during the term of the contract. Alternatively, an investment manager may take a short position in a futures contract if the investment manager expects the market value of the security to decrease during the term of the contract. Futures contracts settle in cash on the Settlement Date. An Underlying Fund may elect to close a futures position by taking an opposite position, at the then prevailing price, thereby terminating its existing position in the contract.

Life Settlements. An Underlying Fund may pursue an investment strategy involving life settlement transactions. A life settlement is generally defined as the sale of a life insurance policy to a third party for a value in excess of the policy's cash surrender value, but less than its face value, or death benefit. An Underlying Fund may also consider purchasing other longevity-contingent assets, such as existing portfolios of life settlements, fractions of life settlements, synthetic instruments and derivative instruments related to life settlements, life settlement backed notes, life-contingent annuities and structured settlements, and opportunistic investments in mortality and/or longevity-related instruments.

Real Estate. The Underlying Funds may pursue strategies in real estate and real estate-related assets including, but not limited to, listed REIT securities, portfolios of income-producing commercial and/or residential properties, and funds that may provide development, mezzanine or other forms of lending secured by real estate.

Multi-Strategy. An Underlying Fund may primarily pursue two or more of the strategies listed above (or other strategies) and/or may invest indirectly through other private funds that select and monitor the implementation of the strategies. Many Underlying Funds will have exposure to more than one strategy or may have characteristics of more than one strategy. Accordingly, there is a wide degree of discretion in how a particular Underlying Fund is categorized or in how its capital is allocated among strategies in reports compiled by the investment manager. Decisions on how to most appropriately characterize an Underlying Fund are made by the investment manager in its sole discretion.



Potential for Investment in Other Underlying Strategies. Kelly Park may seek to identify and exploit new strategies and sub-strategies that it believes may fit investors' investment objective. The foregoing list of strategies is not intended to be exhaustive and it is anticipated that the different types of strategies employed by investment managers will evolve over time. Kelly Park will implement and incorporate new Strategies and sub-strategies in a manner it deems advisable from time to time.

There can be no assurance that the investment objectives associated with any of the various strategies described above will be met.

Investment and Other Risks

All securities have a level of investment risk; some of which are significant. An investment in the Feeder Funds is speculative and involves certain considerations and risk factors that investors should carefully consider. Investors must be able to bear the risk of loss of their entire investment. Moreover, investors will have no control over how the Underlying Fund's investment managers will invest the assets of each Underlying Fund.

Risks Relating to the Fund Generally

Risks Relating to Investments by Underlying Managers and the Underlying Funds

There are a number of significant investment risks inherent in the investments of the Underlying Funds in which the Master Fund invests and the strategies such Underlying Funds may employ. Such risks include, but are not limited to, the following:

Overall Investment Risk. All securities investments risk the loss of capital. As with any investment approach or strategy, the Investment Manager's and the Underlying Managers' strategies and methodologies cannot assure any given level of investment return or that a Portfolio's or the Underlying Funds' investment objectives will in fact be realized. Any past successes with the methodology cannot assure future results. There can be no assurance that use of the methodology will necessarily result in profitability or that any Portfolio or the Underlying Funds will not incur losses.

The assets of each segregated portfolio or Series will be invested in one or more Underlying Funds investing in potentially a broad range of securities and other instruments. Each individual Underlying Fund is likely to have broad latitude in the types of investments and investment techniques to be employed. These may include many types of speculative or relatively high-risk



instruments and approaches. As Kelly Park relies upon a limited amount of information reported by the Underlying Funds themselves, it may have limited or no information on a current basis regarding such investments. The obligation of Kelly Park will be to select Private Funds to be Underlying Funds available for allocation by investors, in good faith and with reasonable care under the circumstances, and in no event will Kelly Park assume responsibility for the investment performance of the individual Underlying Funds.

Equity Securities. The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short term as well as long term, and different parts of the market and different types of equity securities can react differently to these developments.

Fixed Income. Fixed income securities are subject to credit risk and interest rate risk. “Credit risk” refers to the likelihood that an issuer will default in the payment of principal and/or interest on an instrument. Financial strength and solvency of an issuer are the primary factors influencing credit risk. In addition, inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an instrument, and debt obligations which are rated by rating agencies are often reviewed and may be subject to downgrade. “Interest rate risk” refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules.

Certain Underlying Funds may invest a portion of their capital in bonds or other fixed income securities, including, without limitation, bonds, notes and debentures issued by corporations, debt securities issued or guaranteed by the U.S. government or one of its agencies or instrumentalities, commercial paper, and “higher yielding” (and, therefore, higher risk) debt securities of the former categories. These securities may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. Fixed income securities are subject to the credit risks and interest rate risks described above, and to price volatility due to such additional factors as market perception of the creditworthiness of the issuer and general market liquidity (*i.e.*, market risk). A major economic recession could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, any such economic downturn could adversely



affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

Commodity Futures and Options. 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 an Underlying Fund engaging in commodity futures trading. As a result, a relatively small price movement in a commodity futures contract may result in substantial losses to such an Underlying Fund. Commodity options, like commodity futures contracts, are speculative, and their use involves greater than ordinary investment risk.

There is no assurance that a liquid secondary market will exist for commodity futures contracts or options purchased or sold, and an Underlying Fund may be required to maintain a position until exercise or expiration, which could result in losses. Many commodity 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 with little or no trading, thereby preventing prompt liquidation of commodity interest positions and potentially subjecting an Underlying Fund (and, as a result, an investor's segregated portfolio) to substantial losses. In addition, trading commodity interests on foreign markets may involve greater risk than trading on United States exchanges. For example, some foreign exchanges are principal markets so that no common clearing facility exists, and a trader may look only to the broker for performance of the contract. Investing in commodities and forward or futures contracts is a highly specialized investment activity entailing greater than ordinary investment risk.

Under CFTC regulations, commodity brokers are required to maintain customers' assets in a segregated account. If a commodity broker engaged by an investment manager with respect to an Underlying Fund fails to do so, such Underlying Fund may be subject to a risk of loss of the funds on deposit with the commodity broker in the event of the commodity broker's bankruptcy. In addition, under certain circumstances, such as the inability of another customer of the commodity broker or the commodity broker itself to satisfy substantial deficiencies in such other customer's account, an Underlying Fund may be subject to a risk of loss of the funds on deposit with its commodity broker(s). In the case of any such bankruptcy or customer loss, such Underlying Fund might recover, even in respect of property specifically traceable to it, only a *pro rata* share of all property available for distribution to all the commodity broker's customers.



Security Futures and Options. In connection with the use of futures contracts and options, there may be an imperfect correlation between the change in market value of a security and the prices of the futures contracts and options in an Underlying Fund's account. In addition, the investment manager's investments in security futures and options may encounter a lack of a liquid secondary market for a futures contract and the resulting inability to close a futures position prior to its maturity date.

Forwards, Swaps and Other Derivatives. An Underlying Fund may utilize forwards, swap contracts and other over-the-counter derivatives. Principal risks relating to the use of forwards and other such derivatives include, in the case of hedging strategies, the possible imperfect correlation between the derivative and the market value of the securities or currencies position intended to be hedged; losses magnified by the degree of leverage (exposure) represented by the derivative; lack of a liquid secondary market for closing out the position; losses resulting from interest rate or currency movements not anticipated by the Underlying Fund; and the risk of counterparty default.

The derivatives markets are frequently characterized by limited liquidity, which can make it difficult as well as costly to close out open positions in order to either realize gains or to limit losses. Additionally, many derivatives are valued on the basis of dealers' pricing of these instruments. However, the price at which dealers value a particular derivative and the price which the same dealers would actually be willing to pay for such derivative should an Underlying Fund require to sell such position may be materially different. Such differences can result in an overstatement of an Underlying Fund's net asset value and may have a materially adverse effect on such Underlying Fund if it is required to sell derivative instruments in order to raise funds for margin purposes or to pay withdrawals.

The pricing relationships between derivatives and the underlying instruments on which they are based may not conform to anticipated or historical patterns, resulting in unanticipated losses.

The stability and liquidity of forwards, swaps and other over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transaction. The creditworthiness of firms with which an investment manager will enter into interest rate swaps or other over-the-counter derivatives will likely be monitored on an ongoing basis by such investment manager. If there is a default by the counterparty to such a transaction, the Underlying Fund will have contractual remedies pursuant to the agreements related to the transaction; however, exercising such contractual rights may involve delays or costs, or may not be successful, which could adversely affect the Underlying Fund.



Foreign Investments. A portion of certain Underlying Funds' assets may consist of foreign investments, which may include foreign or domestic equity securities denominated in U.S. Dollars or foreign currencies and traded in or outside of the U.S. Such investments require consideration of certain risks typically not associated with investing in U.S. securities or property. Such risks include, among other things, trade balances and imbalances and related economic policies, unfavorable currency exchange rate fluctuations, imposition of exchange control regulation by the United States or foreign governments, United States and foreign withholding taxes, limitations on the removal of funds or other assets, policies of governments with respect to possible nationalization of their industries, political difficulties, including expropriation of assets, confiscatory taxation and economic or political instability in foreign nations.

There may be less publicly available information about certain foreign companies than would be the case for comparable companies in the United States and certain foreign companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of United States companies.

Investments in Emerging Markets. One or more of the Underlying Funds may invest in countries characterized by less stable economic or political conditions than in the largest mature Western economies. Emerging market investing is generally characterized as having higher levels of risk than in fully developed markets.

Investing in emerging market countries involves certain considerations not usually associated with investing in securities of developed countries or of companies located in developed countries, including political and economic considerations such as: greater risks of expropriation, nationalization, and general social, political and economic instability; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; certain government policies that may restrict an Underlying Fund's investment opportunities; and problems that may arise in connection with the clearance and settlement of trades. In addition, accounting and financial reporting standards that prevail in certain of such countries generally are not equivalent to standards in more developed countries. There is also generally less regulation of the securities markets in emerging market countries than there is in more developed countries. Placing securities with a custodian in emerging market countries may also present considerable risks. In recent periods, emerging market country investors, particularly in Argentina, Russia and the Far East, have experienced substantial losses, due in part to debt defaults, political turbulence and economic instability, which factors may be expected to continue.



Life Settlements.

The cost of acquiring life insurance policies depends, in large measure, upon the life expectancies of the insureds under the policy, and the return on such purchase policies depends significantly upon the accuracy of the expected life expectancies used to value such policies by the Underlying Funds. The process of estimating the life expectancy of an insured is known as the medical underwriting process and may be performed by an Underlying Fund's investment manager or contracted out to a third-party medical underwriter or a combination of both. The medical underwriting process is subjective and life expectancies and mortality estimates are inherently uncertain. As a result, the actual longevity of an insured may be materially different than the predicted longevity. In addition, there can be no assurance that the medical underwriter received accurate or complete information regarding the health of an insured under a policy, or that such insured's health has not changed since the information was received. Different parties performing the medical underwriting will use different methods and may arrive at materially different life expectancy estimates for the same individual based on the same information, thus causing a policy's value to vary depending on which estimate is used. Moreover, as methods of calculating life expectancies change over time, a life expectancy estimate prepared by a specific medical underwriter in connection with the acquisition of a policy may be different from an estimate prepared by the same medical underwriting firm at a different point in time.

In addition, advances in medical science and disease treatment may increase the life expectancy of insureds. Other factors, including, but not limited to, better access to health care, better adherence to treatment plans, improved nutritional habits, improved lifestyle, an improved economic environment and a higher standard of living could also lead to increases in the longevity of insureds.

A life insurance policy owner, insured, insurance agent, or other party may have committed fraud, or misstated or failed to provide material information to the purchaser of a life insurance policy, including the seller or its affiliates, in connection with the origination of the policy. In particular, there may be information directly relevant to the value of the related policy, including, but not limited to, information relating to the insured's medical or financial condition, to which the purchaser will not have access. It is not possible to verify the accuracy or completeness of each piece of information or the completeness of the overall information supplied by such parties. Any such misstatement or omission could cause the purchaser to rely on assumptions which turn out to be inaccurate. Additionally, there can be no assurance that the seller properly acquired the policy from the former owner, or that a former beneficiary or other interested party will not attempt to challenge the validity of the transfer. The occurrence of any one or more of these factors could adversely affect the investment.



The Underlying Fund is responsible for maintaining the policies, which includes paying premiums. Such premium payments are a material consideration when computing the future cash flows of the policies, the prices of the policies, the funding requirements of the Underlying Fund and the value of the policies over time. The amounts required to maintain these policies may increase if an issuing insurance company is able to increase the expenses of the policies, such as cost of insurance, policy charges or loan interest rates, or the actual premiums payable differ materially from those originally projected. Under such circumstances, the Underlying Fund may incur additional costs for the policies which may affect returns on such policies as well as reduce the value of such policies. If the Underlying Fund is unable to pay the premiums on the policies for any reason, or fails to make payments in a timely manner, the policies could lapse and the Underlying Fund would not be able to collect any benefit proceeds.

Investing in life insurance policies is highly dependent on the insurance companies that issued the policies. The failure of any issuing insurance company to pay a claim under a policy, perform the obligations set forth in the related policy documents or arising under applicable law or regulation, or provide accurate information or notifications, in each case in a timely manner or at all, could have a material adverse effect on the performance of the investment. Additionally, the failure or bankruptcy of any such issuing insurance company could delay or cancel the payment of any death benefit proceeds. A downgrade in the credit ratings of an issuing insurance company may reduce the market value of the policies issued by such issuing insurance company.

Certain regulators, lawmakers, other governmental authorities and issuing insurance companies view the life settlement market negatively. Any scrutiny or adverse publicity from these parties may result in actions that could have a material adverse effect on the life settlement market. Regulatory, legislative or judicial developments in the life settlement arena may lead to policies becoming subject to rescission actions or otherwise being challenged by issuing insurance companies, presumptive beneficiaries or other interested parties. Such developments could have a material adverse effect upon the market value and/or liquidity of policies.

Finally, U.S. federal and state privacy laws and other factors may restrict the information that is permitted to be used or obtained in connection with the purchase and servicing of policies, including, but not limited to, information about an insured's health status or whereabouts. At least one state has enacted, and others may enact, laws limiting the public availability of certified death certificates. Additionally, certain states have enacted, and other states may in the future enact, laws that limit the frequency and/or method with which the servicer may contact an insured or his or her designated contact persons. If the servicer is not able to contact insureds or their designated contact persons, or cannot otherwise obtain satisfactory evidence of the death of such insured, the servicer will be unable to determine or will be delayed in determining the death of such insureds with an ensuing delay in filing policy claim forms. In addition, other factors, such as



an insured's or health care provider's unwillingness to cooperate, or the completeness and timeliness of the death master file maintained by the Social Security Administration, may limit the information about the insured that may be obtained after the acquisition of a policy.

Currency Risks. Certain Underlying Funds may invest in securities denominated in currencies other than the U.S. dollar. The Master Fund will and certain Underlying Funds may, however, value their securities and other assets in U.S. dollars. To the extent unhedged by the Master Fund or the Underlying Funds (and the Master Fund generally will not hedge any currency risk), the value of the Master Fund's and certain Underlying Funds' assets will fluctuate with U.S. dollar exchange rates as well as with price changes of certain Underlying Funds' investments in the various local markets and currencies. Thus, an increase in the value of the U.S. dollar compared to the other currencies in which an Underlying Fund makes its investments will reduce the effect of increases and magnify the U.S. dollar equivalent of the effect of decreases in the prices of the Underlying Fund's securities in their local markets. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect of magnifying the effect of increases and reducing the effect of decreases in the prices of the Underlying Fund's portfolio positions.

Underlying Funds may make opportunistic currency investments. A principal risk in such trading is the rapid fluctuation in the market prices of currency contracts. Prices of currency contracts traded by such Underlying Funds will be affected generally by relative interest rates, which in turn are influenced by a wide variety of complex and difficult to predict factors such as money supply and demand, balance of payments, inflation levels, fiscal policy, and political and economic events. The profitability of an Underlying Fund's currency investments will depend on predicting such fluctuations in market prices.

Highly Volatile Markets. The prices of securities and derivative instruments, including futures and options prices, may be highly volatile. Price movements of securities, forward contracts, futures contracts, and other derivative contracts in which the Underlying Funds may invest are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and U.S. and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The Underlying Funds are also subject to the risk of the failure of any of the exchanges on which their positions trade or of their clearinghouses.



Economic Conditions. Changes in economic conditions, including, for example, interest rates, exchange rates, inflation rates, industry conditions, competition, technological developments, political and diplomatic events and trends, tax laws and innumerable other factors, can affect substantially and adversely the business and prospects of the Fund. None of these conditions will be foreseeable or within the control of the Investment Manager.

Increases in Assets Under Management May Have an Adverse Effect on Trading. By accepting additional capital, each Underlying Fund may exceed the Underlying Manager's capacity (*i.e.*, the maximum amount at which it can effectively trade and manage risk). For example, the investment manager may encounter difficulty in establishing or liquidating larger positions at desired prices.

Risks Related to the Investment Techniques of Underlying Managers

In addition to the foregoing risks related to investments made by Underlying Funds, there will be investment risks inherent in the techniques typically utilized by Underlying Funds' investment managers. Such risks include the following:

Illiquid Assets. Certain investments made by the Underlying Funds may have no readily available market or third-party pricing. Reduced liquidity may have an adverse impact on market price and an Underlying Fund's ability to sell particular securities when necessary to meet liquidity needs or in response to a specific economic event, such as the deterioration of creditworthiness of an issuer. Reduced liquidity in the secondary market for certain securities may also make it more difficult for the investment managers to obtain market quotations based on actual trades for the purpose of valuing the Underlying Funds' portfolios.

Short Selling. Short selling may be a significant part of an Underlying Fund's investment strategy and may be utilized both in situations where an investment manager believes the securities in question are overvalued, and therefore likely to experience significant price declines over time, or as a hedge or offset to related long positions. Short selling inherently involves certain additional risks. Selling securities short creates the risk of losing an amount greater than the initial investment in a relatively short period of time and the theoretically unlimited risk of an increase in the market price of the securities sold short. There is also the risk that the securities borrowed by an Underlying Fund in connection with a short sale would need to be returned to the securities lender on short notice. If the request for return of securities occurs at a time when other short sellers of the security are receiving similar requests, a "short squeeze" can occur, and the Underlying Fund might be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, possibly at prices significantly



in excess of the proceeds received earlier. In addition, short selling can involve significant borrowing and other costs which can reduce the profit or create losses in particular positions.

There are other inherent difficulties and challenges in short selling. Management and other stakeholders of issuers may take legal action against short-sellers to prevent or discourage the legal short sales of the issuer's securities to avoid depressing the value of its securities. Investment managers and the Underlying Funds could be subject to such private legal actions. The cost of, and management time committed to, defending any such action(s) could be substantial.

Volatility. The prices of some of the instruments traded by the Underlying Funds have been subject to periods of excessive volatility in the past, and such periods may continue. Price movements are influenced by many unpredictable factors, such as market sentiment, inflation rates, interest rate movements and general economic and political conditions.

While volatility can create profit opportunities, it can also create the specific risk that historical or theoretical pricing relationships will be disrupted; causing what should otherwise be comparatively low risk positions to incur significant losses. On the other hand, the lack of volatility can also result in losses for certain positions that profit from price movements.

Leverage; Interest Rates; Margin. The Underlying Funds may use leverage to amplify returns. Leverage providers typically insist on being repaid ahead of fund investors and require investment managers to surrender control of the underlying investments under adverse circumstances. The use of borrowings by the Underlying Funds may result in certain risks to the Underlying Funds and therefore the Master Fund. For example, should the securities that are pledged to brokers to secure an Underlying Fund's borrowings decline in value, or should brokers from which an Underlying Fund has borrowed increase their maintenance margin requirements (*i.e.*, reduce the percentage of a position that can be financed), then such Underlying Fund could be subject to a "margin call," pursuant to which the Underlying Fund must either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. The broker will typically have the right to liquidate the Underlying Fund's portfolio in certain circumstances. In the event of a precipitous drop in the value of the assets of the Underlying Fund, the Underlying Fund might not be able to liquidate assets quickly enough to pay off the margin debt and might suffer mandatory liquidation of positions in a declining market at relatively low prices.

Options. The Underlying Funds may utilize options in furtherance of their investment strategies and for both speculative and hedging purposes. Options positions may include long positions, where an Underlying Fund is the holder of put or call options, as well as short positions, where an



Underlying Fund is the seller (writer) of an option. Although option techniques can increase investment return, they can also involve a relatively higher level of risk. The writing (selling) of uncovered options involves a theoretically unlimited risk of a price increase or decline, as the case may be, in the underlying security. The expiration of unexercised long option positions effectively results in loss of the entire cost or premium paid for the option. Option premium costs, as well as the cost of covering options written by an Underlying Fund, can reduce or eliminate position profits or create losses as well. An Underlying Fund's ability to close out its position as a purchaser of an exchange-listed option is dependent upon the existence of a liquid secondary market on option exchanges. On occasion an Underlying Fund may also utilize options, particularly in foreign markets, which may have limited liquidity.

The seller ("writer") of a call option which is covered assumes the risk of a decline in the market price of the underlying security or other instrument below the purchase price of the underlying instrument, less the amount of premium received by the seller, and forgoes the opportunity for gain on the underlying instrument above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying instrument above the exercise price of the option. The buyer of a call option assumes the risk of losing its entire investment (the premium paid) in the call option. If the buyer of a call option sells short the underlying security or other instrument, a loss on the call option itself may be offset, in whole or in part, by any gain on the short sale of the underlying position.

The seller ("writer") of a put option which is covered assumes the risk of an increase in the market price of the underlying security or other instrument above the sales price (in establishing the short position) of the underlying instrument, plus the premium received by the seller, and foregoes the opportunity for gain on the underlying instrument below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying instrument below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment (the premium paid) in the put option. If the buyer of a put option holds a long position in the underlying security or other instrument, a loss on the put option itself may be offset, in whole or in part, by any gain on the underlying position.

Repurchase Agreements. Underlying Funds may invest in repurchase agreements, which are agreements pursuant to which securities are acquired by an Underlying Fund from a third party with the understanding that they will be repurchased by the seller at a fixed price on an agreed date. When the Underlying Fund enters into a repurchase agreement, the seller will generally be required to maintain the value of the securities and other collateral subject to the repurchase agreement, marked to market daily, at not less than an agreed amount. The Underlying Fund's custodian or other agent will have custody of securities acquired by the Underlying Fund under a



repurchase agreement. In the event of a bankruptcy or other default of a seller of securities in a repurchase agreement, the Underlying Fund as buyer could experience both delays in liquidating the underlying securities and losses, including: (i) a possible decline in the value of the collateral during the period while the Underlying Fund seeks to enforce its rights thereto; (ii) possible subnormal levels of income and lack of access to income during this period; and (iii) expenses of enforcing its rights. In the case of default by the buyer of securities in a repurchase agreement, an Underlying Fund as seller runs the risk that the transferee may not deliver the securities when required.

Limited Hedging. Certain Underlying Funds may employ certain hedging techniques, but will not be required to do so. If employed, hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments. For a variety of reasons, certain Underlying Funds may not seek or be able to establish a sufficiently accurate correlation between hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent an Underlying Fund from achieving the intended hedge or expose the Underlying Fund to risk of loss. In addition to possible losses on the position sought to be hedged notwithstanding the attempted hedge, an Underlying Fund could incur losses on the hedging position itself.

All hedging strategies, moreover, necessarily involve costs, which could be significant, whether or not the hedge sought is successful. Given the global character of many of the Underlying Funds' potential investments, the Underlying Funds may invest in many markets or instruments as to which hedging strategies are limited or unavailable. Hedging instruments which are potentially available may nonetheless involve costs or risks which an Underlying Manager deems prohibitive in the context of a specific Underlying Fund. Hedging, if employed at all, is likely to be employed as a technique to seek to limit certain market risks. As a general matter, all of the Underlying Funds' portfolios will still be exposed to basic company risk and other risks attendant to their investment strategy, which risks will not be generally hedged.

Restricted Securities. An Underlying Manager may be prevented from buying or selling publicly traded securities if the Underlying Manager or an affiliate acquires material, non-public information with respect to such securities. In addition, with respect to a publicly traded security that an Underlying Fund already holds, such security may be placed on a "restricted securities list" and will not be traded until the material, non-public information becomes public or is no longer material.



Trade Errors. Kelly Park will have no control over any trade errors that might occur with respect to securities transactions of an Underlying Fund. An Underlying Fund investment manager may use a computerized trading systems that relies on the ability of their personnel to accurately process such systems' outputs and to use the proper trading orders, including stop-loss or limit orders, to execute the transactions called for by the systems. In addition, these investment managers rely on their staff to properly operate and maintain the computer and communication systems upon which the trading systems rely. Such systems are inherently subject to human errors, including the failure to implement, or the inaccurate implementation of any of the systems, in addition to errors in properly executing transactions. This could cause substantial losses on transactions, and any such losses could substantially and adversely affect the performance of the Fund.

Transaction Execution and Costs; Brokerage Allocation. In many cases relatively narrow spreads may exist between the prices at which an Underlying Fund will purchase and sell particular positions. The successful application of an Underlying Fund's methodology will therefore depend, in part, upon the quality of execution of transactions, such as the ability of broker-dealers to execute orders on a timely and efficient basis. Although the Underlying Managers will seek to utilize brokerage firms which will afford superior execution capability to the Underlying Funds, there is no assurance that all of the Underlying Funds' transactions will be executed with optimal quality. Furthermore, depending upon the amount of trading, total commission charges and other transaction costs may be high. The level of commission charges, as an expense of an Underlying Fund, may therefore impact the profitability of such Underlying Fund.

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 Kelly Park or the integrity of the Firm's management. The Firm has no information applicable to this Item. The Firm has had no legal or disciplinary events that would be material to the evaluation of the Firm or the integrity of the Firm's management.

Item 10: Other Financial Industry Activities and Affiliations



As a registered investment adviser, the Firm is required to disclose any financial industry activities and affiliations that are material to the Firm's business or your evaluation of the Firm.

Neither the Firm nor any of the Firm's management persons are registered, or have an application pending to register as a futures commission merchant, a commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities. The Firm is not a broker-dealer, nor is it affiliated with any broker-dealer; however, an owner of the firm (the Member) is a registered representative (and not an employee) of a broker-dealer. While it is possible that the Firm may recommend an underlying manager that employs a broker-dealer from whom the Member receives compensation, such instances are incidental, and expected to be *de minimis*, as the Member plays a passive investment role at the Firm and has no authority to direct trades on behalf of clients.

The Firm is under common control with another investment adviser. In addition to his responsibilities at Kelly Park Investment LLC, Mr. Rubino is the Founder and CIO of KPC Terrapin Group LLC, an investment adviser registered with the SEC and providing discretionary and non-discretionary investment advisory services. Mr. Rubino divides his time between these two firms, as well as any other endeavors, but also seeks to synergize his efforts on behalf of the clients of both advisory firms. While the investment universe of the two firms overlaps, current and prospective clients of Kelly Park Investment LLC are not expected to overlap with those of KPC Terrapin.

The Firm does not have any other control relationship or arrangement with a financial industry entity that is material to the Firm's advisory business or to its clients.

Item 11: Code of Ethics, Participation or Interest in Client Transactions, & Personal Trading

The Kelly Park Code of Ethics ("Code of Ethics") is based upon the premise that Firm personnel have a fiduciary responsibility to render professional, continuous and unbiased investment advisory services. The Code of Ethics includes all Access Persons: Firm personnel involved in the formulation, communication and implementation of the Firm's investment advice or in the servicing of the Firm's clients. The Code of Ethics requires Access Persons to: (1) comply with all applicable laws and regulations; (2) observe all fiduciary duties and put client interests ahead of



their own and those of the Firm; (3) observe the Firm's personal trading policies so as to avoid "front-running" and other conflicts of interests between Access Persons and Firm clients; and (4) ensure that Access Persons have read the Code of Ethics, agreed to adhere to the Code of Ethics and are aware that a record of all violations of the Code of Ethics will be maintained by Firm's Chief Compliance Officer, and that personnel who violate the Code of Ethics are subject to sanctions by the Firm, up to and including termination.

Participation or Interest in Client Transactions: The Firm recognizes that the personal securities transactions of its Access Persons demand the application of the highest standards, and the Firm requires that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, the Firm believes that if investment goals are similar for clients and for Access Persons of the Firm, it is logical and even desirable that there be common ownership of some securities. The Firm and its related persons are permitted to invest their personal funds in the Underlying Funds. Therefore, in order to address conflicts of interest, the Firm has adopted a set of procedures, included in its Code of Ethics, with respect to investments made in the Underlying Funds that are effected by Access Persons for their personal accounts. The Code of Ethics generally requires Access Persons to report personal securities holdings on an annual basis and personal securities transactions on a quarterly basis. Kelly Park and its Access Persons are permitted to invest in the same securities or related securities, including Underlying Funds, which Kelly Park recommends to clients. Access Persons must obtain the prior written approval of the Chief Compliance Officer before engaging in certain transactions in their personal account and the Code requires Kelly Park to review Access Persons transactions and compare those transactions to those of advisory clients to identify potential conflicts of interest or the appearance of a potential conflict.

Additionally, the Code of Ethics sets forth the Firm's policies and procedures with respect to material, non-public information and other confidential information, and the fiduciary duties that the Firm and each of its Access Persons has to each of its clients. The Code of Ethics is circulated at least annually to all Access Persons, and each Access Persons, at least annually, must certify, in writing, that he or she has received and followed the Code of Ethics and any amendments thereto.

Other Activities of the Firm and its Affiliates: Neither the Firm, nor any affiliate or employee, is required to manage client accounts as its sole and exclusive function. Each of them may, and certain of them do, engage in other business activities, including other financial services ventures and/or other unrelated employment. In addition to managing client accounts, the Firm, and its affiliates or Principals may provide investment advice to other parties and may manage other accounts in the future. For additional information regarding financial services affiliates of the Firm, please see Item 10. For additional information regarding other activities of Firm principals, please



refer to the Form ADV Part 2B Brochure Supplement, provided alongside this Brochure or available upon request.

A copy of the Kelly Park Code of Ethics is available upon request to clients or prospective clients.

Item 12: Brokerage Practices

Currently, the Funds invest only in Underlying Funds, or to maintain cash or cash equivalent investments, and do not invest the Funds' assets directly in other securities and/or financial instruments. As a result, the Firm does not use or select broker-dealers on behalf of its clients. The managers of the Underlying Funds, when applicable, each select broker-dealers to execute transactions on behalf of those Underlying Funds. Generally, portfolio transactions for the Underlying Funds are cleared through brokerage accounts maintained at various brokerage institutions, which may also act as a custodian for the Underlying Funds.

The Firm reviews the quality of the brokerage services selected by the Underlying Fund managers to ensure that portfolio transactions are executed by broker-dealers that are selected on the basis of their ability to effect prompt and efficient executions at competitive rates and also in consideration of such brokers' provision or payment of brokerage or research services (referred to as payment made by "soft dollars," as further discussed herein). Reasonableness of commissions is assessed based on numerous factors, including but not limited to the nature of the services provided and the rates charged by competitors for the same or similar services.

The Funds' investors bear a pro rata portion of the commissions charged by any broker-dealer utilized by the Underlying Manager, including affiliates of the Firm.

Research and Other Soft Dollar Benefits

The Firm currently does not receive brokerage and research services from firms that are paid for with credits earned ("Soft Dollars") through commissions generated by portfolio transactions.

Brokerage for Client Referrals

The Firm does not receive referrals from broker-dealers or third parties in exchange for using such broker-dealer or third party.



Aggregation of Orders

The Firm may aggregate transactions for an advisory client with those of its other clients as well as, under certain circumstances, with those of the Firm's related persons, affiliates, or employees. The Firm will allocate investment opportunities first among participating client accounts in a fair and equitable manner. Securities are generally allocated among client accounts on a pro rata, percentage or other objective basis in light of the nature of the investment opportunity and an assessment of the appropriateness of that opportunity for each client, taking into consideration the various risks associated with the investment and the relative risk profile of each client. Not all transactions will be aggregated and not all clients participate in every aggregated transaction. Regardless of whether the Firm aggregates orders, the Firm attempts in good faith to ensure that its allocations are fair to all of its clients over time.

Item 13: Review of Accounts

Kelly Park continually supervises the Master Fund and Feeder Funds and monitors the Underlying Funds on an ongoing basis. This monitoring includes the ongoing reassessment of the strategies, and an Underlying Fund's investment adviser's ongoing competence with those strategies, including with respect to factors that may impact performance. However, Kelly Park can provide no assurance that their monitoring process will achieve its objective. Kelly Park provides its clients with monthly unaudited reports on the performance of the Series or Portfolios, annual audited financial statements of the Master Fund and Feeder Funds and in addition, after the end of each fiscal year, each domestic fund investor will be furnished with the required tax information for preparation of their respective tax returns.

Item 14: Client Referrals and Other Compensation

The Firm may compensate affiliates or non-affiliates for client referrals in accordance with Rule 206(4)-3 under the Investment Advisers Act. The compensation paid to any such entity will typically consist of a payment stated as a percentage of the advisory or management fee. Third parties who refer or help solicit clients may also be compensated based on a percentage of the advisory or management fee charged by the Firm for that client. Clients do not pay additional fees as a result of such arrangements. When required under the law, the policies and procedures



require regulatory disclosure of the compensation arrangement between the Firm and the referring party.



Item 15: Custody

Kelly Park is deemed to have custody of the assets of the Master and Feeder Funds. As such, the Master and Feeder Funds are audited on an annual basis by an independent public accountant that is registered with and subject to regular inspection by the Public Company Accounting Oversight Board (the “PCAOB”). Kelly Park sends these audited financial statements, presented in accordance with GAAP, to each Feeder Fund investor within one hundred eighty (180) days of the Fund’s fiscal year end.

Item 16: Investment Discretion

The Firm provides discretionary investment advisory services to the Master Fund and Feeder Funds in accordance with their respective governing documents including applicable private placement memorandums, subscription documents, investment management agreement or advisory agreements and limited partnership agreements, if applicable.

Item 17: Voting Client Securities

The Firm does not vote client proxies. Managers of the Underlying Funds have the sole and exclusive authority and responsibility to vote proxies with respect to securities held in the Underlying Fund’s account.

Item 18: Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about The Firm’s financial condition. The Firm has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to its clients and has not been the subject of a bankruptcy proceeding. The Firm does not require or solicit prepayment of more than \$1,200 in fees from its clients, and therefore a balance sheet is not required to be provided for the most recent fiscal year.