

COVER PAGE

PART 2A OF FORM ADV: FIRM BROCHURE

ACT II CAPITAL, LLC

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This brochure provides information about the qualifications and business practices of Act II Capital, LLC. If you have any questions about the contents of this brochure, please contact Aaron Chan at 212-247-2990 or achan@actiipartners.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about Act II Capital, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

ITEM 2

MATERIAL CHANGES

Act II Capital, LLC (“Act II Capital”) last filed an annual update to its brochure (this “Brochure”) on March 29, 2019 and has not updated this Brochure since that annual update. This Brochure reflects Act II Capital’s business as of the date of this filing, which has not materially changed since this Brochure was last updated. However, Act II Capital has determined to wind up its business and dissolve the Funds (as defined below) and has communicated this to the investors in its Funds. Act II Capital intends to commence the process of monetizing the Funds’ portfolios in April 2020 and anticipates that the Funds’ portfolios will be all in cash by April 30, 2020.

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ADVISORY BUSINESS

General Description of Advisory Firm.

Act II Capital, a limited liability company organized under the laws of the State of Delaware, commenced operations in 2002 and currently has an office in New York, New York. As of January 1, 2020, the principal owners of Act II Capital included Dennis H. Leibowitz (46.5%) and Darren Sardoff (46.5%).

Description of Advisory Services.

Advisory Services.

Act II Capital serves as the general partner with discretionary trading authority to a private pooled investment vehicle, Act II Partners, L.P., a Delaware limited partnership (the “Domestic Fund”), the securities of which are offered to investors on a private placement basis.

Act II Intermediate GP, LLC, a Delaware limited liability company wholly owned by Act II Capital (“Act II Intermediate GP”), serves as the general partner of Act II Intermediate Fund, L.P., a Cayman Islands exempted limited partnership (the “Intermediate Fund”).

Act II Management, L.P., a Delaware limited partnership and an affiliate of Act II Capital (“Act II Management”, and, together with Act II Intermediate GP, LLC and, Act II Capital, “Act II”) serves as the investment manager with discretionary trading authority to private pooled investment vehicles, the securities of which may be offered to investors on a private placement basis, including (i) the Domestic Fund, (ii) Act II Offshore, Ltd., a Cayman Islands exempted company (the “Offshore Fund”) (iii) the Intermediate Fund, and (iv) Act II Master Fund, Ltd., a Cayman Islands exempted company (the “Master Fund”). The Domestic Fund, the Offshore Fund, the Intermediate Fund and the Master Fund are collectively the “Funds”.

The Offshore Fund invests substantially all its assets in the Intermediate Fund. The Domestic Fund and the Intermediate Fund invest substantially all of their assets through a “master feeder” structure in the Master Fund.

As used herein, the term “client” generally refers to each Fund.

Investment Strategies and Types of Investments.

Act II manages a long-short equity strategy focused on bottom-up, in-depth fundamental analysis in the media, consumer, retail, technology, business services, cable/DBS (direct broadcast satellite) and telecommunications industries across all capitalizations globally. See Item 8A for further details relating to Act II’s investments strategies and types of investments.

The descriptions set forth in this Brochure of specific advisory services that Act II offers to clients, and investment strategies pursued and investments made by Act II on behalf of its clients, should not be understood to limit in any way Act II's investment activities. Act II may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that Act II considers appropriate, subject to each client's investment objectives and guidelines. The investment strategies Act II pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.

Availability of Customized Services for Individual Clients.

Act II does not tailor its advisory services to the individual needs of investors in the Funds. Act II's investment decisions and advice with respect to each Fund are subject to each Fund's investment objectives and guidelines, as set forth in its confidential private offering memorandum, investor agreement, and subscription agreement (the "Offering Documents"), which each investor is required to receive and/or execute prior to being accepted as an investor in the Funds.

Act II has and may, from time to time, enter into letter agreements or other similar agreements (collectively, "Side Letters") with one or more investors that provide such investors with additional and/or different rights or terms than those set forth in the Offering Documents. Such agreements may, among other things, be based on the size of the investor's investment in the Fund or affiliated investment entity, an agreement by an investor to maintain such investment in the Fund for a significant period of time, or other similar commitment by an investor.

Assets Under Management.

As of December 31, 2019, Act II had approximately \$141,303,000 in regulatory assets under management on a discretionary basis. As of December 31, 2019, Act II did not manage any assets on a non-discretionary basis.

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FEES AND COMPENSATION

Advisory Fees and Compensation.

Act II provides investment management services on a fee basis, which includes fees based upon the net asset value of the assets under management by Act II (“Management Fees”), as well as fees or allocations based on performance of the Funds (“Performance Compensation”). The fees applicable to each Fund are set forth in detail in each of the Fund’s respective Offering Documents. A brief summary of those fees is provided below. Investors should refer to the relevant Offering Documents for a complete understanding of how Act II is compensated for its advisory services.

Management Fees.

Management Fees are charged at an annual rate generally ranging from 1% to 2% of net assets. The Management Fees are calculated and payable in arrears on a quarterly basis.

Management Fees are prorated for any partial quarter period, as applicable, based on the actual number of days in such period. In Act II’s sole discretion, the Management Fee may be waived, reduced or calculated differently with respect to any investor in the Funds.

Performance Compensation.

Performance Compensation with respect to the Funds is generally equal to 20% of net realized and unrealized capital appreciation for each year, after making up any losses carried forward from prior calculation periods.

In the event that a Fund is terminated or an investor withdraws other than at the end of a calculation period, then for purposes of determining the Performance Compensation, net capital appreciation will be determined as if such dates were the end of the calculation period, subject to certain adjustments.

In Act II’s sole discretion, the Performance Compensation may be waived, reduced or calculated differently with respect to certain investors in the Funds.

Payment of Fees.

Fees and compensation paid to Act II by the Funds are generally deducted from the capital accounts. Management Fees are deducted on a quarterly basis by the Funds. Performance Compensation is generally deducted by the Funds on an annual basis.

Additional Fees and Expenses.

An investor may bear some or all of the following expenses:

Each investor bears its own expenses relating to its operations, including, without limitation, fees and expenses of its administrator and of the members of its Board of

Directors; investment-related expenses (*e.g.*, expenses related to the investment of the client's assets, including, without limitation, brokerage commissions, prime broker fees, interest on margin accounts and other indebtedness, custodial fees, bank service fees and interest expenses); investment-related travel expenses; legal expenses; professional fees (including, without limitation, expenses of consultants and experts); external accounting and valuation expenses; research and market data (including research software, programs and other technology); audit and tax preparation expenses; costs of printing and making reports and notices; entity-level taxes; corporate licensing fees; regulatory expenses (including filing fees), a portion of the premiums for liability insurance covering the General Partner, the Investment Manager and the members, partners, officers, employees and agents of any of them to the extent permitted under Section 410 of ERISA, if applicable, other expenses associated with the operation of the client; offering expenses; and any extraordinary expenses.

Additional Compensation and Conflicts of Interest.

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

Wall Street Access ("WSA"), a registered broker-dealer, is an investor in the Domestic Fund. Cowen Prime Services LLC ("Cowen"), a registered broker-dealer conducts trade execution and provide other services on behalf of Act II. Such investment and arrangement may provide Act II with financial and other incentives to select WSA and Cowen to effect securities transactions for clients. Nonetheless, Act II is committed to the appropriate selection of broker-dealers to effect securities transactions for clients in accordance with the procedures set forth in Item 12.

It is critical that investors refer to their respective Offering Documents for a complete understanding of how Act II is compensated for its advisory services. The information contained herein is a summary only and is qualified in its entirety by the relevant governing documents.

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PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As discussed in response to Item 5, above, Act II receives performance-based compensation from investors in the Funds. This fee arrangement creates a potential conflict of interest. The performance-based compensation may be an incentive for Act II to make investments that are riskier or more speculative than would be the case absent a performance-based fee arrangement. In addition, because performance-based compensation is calculated on a basis that includes unrealized appreciation of assets, it may be greater than if such compensation were based solely on realized gains.

Each Fund is subject to performance-based compensation. Act II does not currently offer its services absent a performance-based fee. As a result, Act II does not face certain conflicts of interest that may arise when an investment adviser accepts performance-based fees from some clients, but not from other clients. In the event that Act II manages additional portfolios in the future for which Act II does not receive performance-based fees, Act II will develop appropriate policies and procedures to effect fair and equitable allocations. Act II recognizes that it is a fiduciary and as such, must act in the best interest of the Funds and investors. Act II has procedures in place to treat all Funds equitably and regularly assesses the allocation of its resources, including investment personnel, to ensure adherence to its fiduciary duties.

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TYPES OF CLIENTS

Act II generally provides investment advice to Funds, as described above, which are pooled investment vehicles.

Investors in the Funds must meet the eligibility provisions outlined in each respective Fund's Offering Documents. In addition, Funds may require a minimum initial capital contribution of USD1,000,000. Act II, in its sole discretion, may accept capital contributions of lesser amounts (but in no event less than applicable legal minimums), establish different minimums, or reject any capital contributions, in whole or in part.

ITEM 8

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis and Investment Strategies.

The descriptions set forth in this Brochure of specific advisory services that Act II provides to the Funds, and investment strategies pursued and investments made by Act II on behalf of the Funds and investors, should not be understood to limit in any way Act II's investment activities. Act II may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that Act II considers appropriate, subject to each Fund's investment objectives and guidelines. The investment strategies Act II pursues are speculative and entail substantial risks. Investors should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Fund will be achieved.

The primary objective of the Funds is to achieve above average returns on a medium to long-term basis. The Funds seek to achieve their objective primarily through investments in the equity securities of U.S. and non-U.S. companies in the media, consumer, retail, technology, business services, cable/DBS (direct broadcast satellite) and telecommunications industries. The Funds seek to invest in companies whose shares Act II considers to be inefficiently priced, or where Act II sees emerging industries developing that have not yet been fully recognized by investors.

The Funds have a relatively concentrated portfolio, though no position is expected to exceed 10% of the total assets of the Funds, as measured at the time of investment. The Funds expect to use short selling* or option strategies for hedging purposes and to extend profitable holdings into long-term positions.

The Funds seek to maximize capital appreciation through long-term holdings, though this may not be true of short positions by their nature. Preservation of capital will be an important factor in the overall management of the Funds as well. The portfolio may consist of holdings with a wide range of market capitalizations with a mix of large capitalization well known growth companies, and smaller companies which may not yet be well covered by Wall Street. It may also include instruments other than straight equity, such as warrants and options. The Funds may invest a small portion of its total assets in illiquid investments or private companies.

The general sectors in which the Funds invest comprise a broad and diverse group of industries, with numerous sub-sectors including the following:

* A short sale involves the sale of a security that the Fund does not own in the hope of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. To make delivery to the buyer, the Fund must borrow the security, and is obligated to return the security to the lender which is accomplished by a later purchase of the security. In the United States, when a short sale is made, the seller must leave the proceeds thereof with the broker and deposit with the broker an amount of cash or United States Government securities sufficient under current margin regulations to collateralize its obligation to replace the borrowed securities that have been sold. A short sale involves the theoretically unlimited risk of an increase in the market price of the security that would result in a theoretically unlimited loss.

- **Media-** Advertising agencies, entertainment, out of home advertising, publishing and television and radio broadcasting.
- **Consumer-** Gaming and lodging, leisure activities, movie theaters, recreational products and video games.
- **Retail-** Automotive, online travel and hardlines (including, consumer electronics, jewelry, office supply and video games).
- **Technology-** Internet advertising and e-commerce.
- **Business Services-** Business services, marketing, software as a service and staffing and recruiting.
- **Cable/DBS and Telecom-** Cable and DBS operators, international telecom and cable, satellite services, telecom infrastructure, towers and US wireline and wireless.

Generally, the media and internet industries have been above average growers, while some of the slower growing sectors often offer above average yields or attractive valuations. Media companies often have low capital requirements and high resulting free cash flow growth, which is often used for share repurchases, dividends and merger activity. Cable and wireless companies tend to have more extensive capital requirements but tend to be faster growing and less cyclical. Sometimes international markets are at earlier stages of development than in the U.S. in areas like cable operators.

The Funds will employ a variety of techniques to analyze companies and markets and to determine market opportunities or inefficiencies to be capitalized upon. Below are some examples:

Major themes –Act II puts significant emphasis on capturing the value of major secular and cyclical themes. Act II attempts to identify secular themes that represent long-term growth prospects or structural decline scenarios within the Funds’ investment universe, and to search for ways to invest in these themes at attractive valuations. As an example, the strong growth in wireless data, enabled by the rise in smart phone penetration and new devices has led the Funds to focus on sub-sectors like data centers and tower companies, which benefit regardless of carrier competition. Similarly, the Funds have long favored media companies that are gaining market share, like internet advertising companies and cable operators, while taking negative positions in old media such as newspapers and magazines, which are losing market share.

Inefficiently priced companies/industries – Act II believes that the most straightforward opportunities are in growth industries where either the industry or a particular company is inefficiently priced. The same may be true of slow-growing or out-of-favor sectors, where valuation is compelling. For an industry, this may be because of market sentiment over competitive or regulatory developments that Act II’s long experience should help to assess. For a company, it may be the relative valuation within its industry.

Complex companies/capital structures – Many of the companies in the media and telecommunication industries have complex capital structures with significant off-

balance sheet holdings, which are vital to total valuations. There are also often inefficiencies in one class of shares in companies with more than one class of publicly traded stock.

Emerging industries and/or technologies – Today, such areas as internet advertising, broadband data, mobile data, and European cable are examples of interesting areas that are being carefully studied by Act II.

Restructurings, spin-offs and takeovers – Restructurings often provide opportunities to exploit inefficiencies created by changes in shareholder bases, particularly in the period between the announcement and the actual event. The Funds have benefitted significantly in the past from the consolidations of internet advertising agencies, which were all acquired, and wireless affiliates, which were all bought out by the major carriers.

Management/management changes – Managements with long-term track records and/or those with success at more than one company will be favored. The opposite may be true in the case of weak managements/companies, which may provide short opportunities. Changes may create excessive “Street” reactions one way or the other. They may also be early signals of the likelihood of structural or strategic changes in directions that may be exploited.

Alternative valuation techniques – Few of the media, entertainment or telecommunication companies are valued on traditional earnings per share. In broadcasting, free cash flow measures are considered among the most important. A discounted cash flow analysis is usually an important back-up to all the other techniques, as are transaction multiples in verifying private market asset values of companies, especially those with only a small proportion of value in tangible or hard assets. In technology, revenue multiples are normally used.

Regulatory and competitive – related opportunities – Act II’s long experiences in dealing with the regulatory and competitive environment, as noted above, have often provided important opportunities to trade against the grain of a market sentiment that is an over-reaction to events.

Act II has significant experience monitoring and understanding such dynamics in multiple industries. Act II’s experiences include individual company/industry experience, leadership of a group of media and communications analysts and substantial experience in investment banking, giving Act II a sound understanding of the internal corporate operations as well. Through a number of modes and levels of analysis, including original and third-party research, conferences, trade publications, trade associations and historical context, Act II will select and balance the Funds’ investments among industries, by capitalization, by market risk and through hedging techniques.

Description of Investment Process

Set forth below are certain types of analyses that Act II uses in carrying out its investment program:

Investment idea generation

Act II intends to generate investment opportunities either thematically or along bottoms-up, fundamentally-driven analyses. Act II’s analyses will generally seek to identify

stocks with superior revenue and earnings characteristics which are experiencing fundamental improvement from new products, markets and technologies, resulting in improving growth rates in sales and expanding margins. Attention is paid to a company's balance sheet ratios, cash flow per share, margin structure, return on investment and revenue drivers. Stock valuation is assessed utilizing a variety of disciplines to identify favorable risk reward parameters and reasonable valuation relative to growth prospects and industry peers and the market. Act II generally seeks to amplify this research process using proprietary fundamental screening tools to highlight valuation inefficiencies and potential investment opportunities. Act II also seeks new investment ideas by regularly making company visits, attending trade shows and industry conferences and having discussions with industry contacts and sell-side analysts.

Analyzing specific investment opportunities

As promising ideas are identified, Act II begins the process of determining which of these ideas are worth including in the Funds' portfolio. Act II's process generally includes:

- **Research and analysis:** Internal research, financial modelling, fundamental valuation, scenario analysis, technical analysis, industry contacts.
- **Catalyst identification:** Analysis of future catalysts and events along with upside and downside return scenarios.
- **Comprehensive risk analysis:** This includes volatility, industry exposure, incremental value-at-risks, correlation and beta analysis.

Developing the Investment Thesis and Portfolio Inclusion

Once the analysis and investigative research has been completed, Act II's investment team develops an investment thesis. This is the process of taking an investment idea, packaging it, defining the return parameters, identifying catalysts and ultimately presenting the idea to the investment committee for consideration of inclusion in the Funds' portfolio.

Portfolio Management Process

Sizing the position to maximize returns and minimize losses

Once the decision has been made to initiate a position, the portfolio management process begins. The first stage of this process is determining the appropriate size of the position in the portfolio. The primary goal of this process is to make sure that Act II is able to build an appropriately sized position at the right price.

Building the Portfolio

The Funds' portfolio is usually constructed from the bottom up. Each idea is judged on its individual merits and considered relative to the existing ideas in the portfolio. Act II aims to have the Funds' portfolio represent the "best ideas" of the investment team at any point in time. This also explains the general emphasis on stock-specific shorts instead of a reliance on index hedges.

Monitoring and Re-balancing the Portfolio

Portfolio monitoring, rebalancing and position sizing is a component of any investment process. The Funds' portfolio must always be positioned to reflect the expected return profiles of its constituent parts. Act II monitors and evaluates the portfolio to make sure that the portfolio is efficient. While the key inputs and targets for each position are usually determined at the time a position is initially added to the portfolio, these inputs may need to be updated and revised over time.

Risk Management

Act II believes that sound risk management is an important component to maintaining consistent long-term profits. Accordingly, Act II employs a comprehensive risk management program for the Funds' portfolio, using a variety of approaches, including, without limitation, basic risk assessment as part of the stock selection process, continuous monitoring and adjustment of portfolio exposure, use of hedging instruments, application of portfolio exposure guidelines and use of real time portfolio evaluation tools. Act II's risk management program generally involves both structural and tactical measures intended to control the major types of portfolio risks, namely, stock-specific risk, industry (sector) risk, and market risk. Specific elements of Act II's risk management program includes the following:

- Risk evaluation, including, without limitation, company and industry (sector) risks, are generally intended to be an integral part of Act II's basic stock selection process. Act II generally seeks to target run-rate net equity exposure in the 30% to 70% range. That range may vary opportunistically per more sharply obvious windows of market volatility.
- The portfolio is generally subject to a number of diversification policies intended to reduce certain risks as described above.
- Act II regularly reviews and prescribes limits as to the extent of the portfolio's exposure to a single security, maximum capital exposure and net long or short exposure. Act II generally targets core long positions to be sized at 2% - 8% of the Funds' assets. Short positions are generally sized in the 2 - 4% range. Act II generally seeks to confine shorts to more diversified domestic contexts in the United States, which Act II can manage more effectively. These limits are generally intended to reflect security specific exposure as well as overall portfolio exposure to industries (sectors), market directions and other perceived risks.
- Act II generally targets gross equity exposure of 150% - 200%. The portfolio's use of margin borrowings are generally monitored and subject to conventional regulatory limits.
- Act II may utilize various hedging instruments as part of the risk management program. These may include a variety of hedging techniques intended to reduce portfolio exposure to a variety of risks, including, but not limited to, certain market-wide risks, industry and stock specific risks. Act II anticipates substantially all currency exposure to be hedged, with the goal of orienting international exposure to revolve primarily around company-specific fundamental or event-driven factors.

Act II believes that another key component of risk management is dynamic position management. This component is more reactive in nature and seeks to minimize risk as conditions and market movements impact the portfolio. Act II believes that there are two reasons to exit a position – if it triggers risk management flags, which are in place to minimize losses, or if it triggers sell discipline flags, which are in place to maximize profits and keep the portfolio fresh.

In general, the Funds' investment strategy has been broadly structured to provide the Funds with flexibility to achieve the Funds' investment objective. It is impossible to predict the degree of profitability, if any, that may be achieved from the investment strategies described herein. The Funds endeavours to commit the resources it manages among the various investment strategies consistent with the philosophy and process articulated herein and in response to changing market conditions and opportunities. The risks of the Funds' business are substantial and the Funds could realize losses rather than income from some or all of the investments described herein.

Material, Significant or Unusual Risks Relating to Investment Strategies.

Investing in securities involves risk of loss that clients should be prepared to bear. The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the clients advised by Act II. These risk factors include only those risks Act II believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by Act II.

Growth Stage Companies. While investments in growth stage companies offer the opportunity for significant capital gains, such investments involve a high degree of business and financial risk which can result in substantial losses. The stock market has experienced volatility which has particularly affected the securities of technology companies. As a result, the Funds' performance may experience substantial volatility.

Small- and Medium-Capitalization Companies. The Funds may invest a portion of their assets in the securities of companies with small to medium-sized market capitalizations. While Act II believes such securities often provide significant potential for appreciation, the securities of certain companies, particularly smaller-capitalization companies, involve higher risks in some respects than do investments in securities of larger companies. For example, prices of small-capitalization and even medium-capitalization securities are often more volatile than prices of large-capitalization securities and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, "blue chip" companies. In addition, due to thin trading in the securities of some small-capitalization companies, an investment in those companies may be illiquid.

Non-U.S. Investments. The Funds may invest in financial instruments of non-U.S. corporations and governments. Investing in the financial instruments of companies (and, from time to time, governments) outside of the United States involves certain considerations not usually associated with investing in financial instruments of U.S. companies or the U.S. government, including political and economic considerations, such as greater risks of expropriation, nationalization, confiscatory taxation, imposition of withholding or other taxes on interest, dividends, capital gains or other income, limitations on the removal of assets and general social, political and economic instability; the relatively

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; the evolving and unsophisticated laws and regulations applicable to the securities and financial services industries of certain countries; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict the Funds' investment opportunities. In addition, accounting and financial reporting standards that prevail outside of the U.S. generally are not as high as U.S. standards and, consequently, less information is typically available concerning companies located outside of the U.S. than for those located in the U.S. As a result, the Funds may be unable to structure their transactions to achieve the intended results or to mitigate all risks associated with such markets. It may also be difficult to enforce the Funds' rights in such markets. For example, financial instruments traded on non-U.S. exchanges and the non-U.S. persons that trade these instruments are not subject to the jurisdiction of the SEC or the Commodity Futures Trading Corporation or the securities and commodities laws and regulations of the U.S. Accordingly, the protections accorded to the Funds under such laws and regulations are unavailable for transactions on foreign exchanges and with foreign counterparties.

Investments in Undervalued Securities. One of the primary objectives of the Funds is to invest in undervalued securities. The identification of investment opportunities in undervalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Funds' investments may not adequately compensate for the business and financial risks assumed. The Funds may make certain speculative investments in financial instruments that Act II believes to be undervalued; however, there are no assurances that the financial instruments purchased will in fact be undervalued. In addition, the Funds may be required to hold such financial instruments for a substantial period of time before realizing their anticipated value. During this period, a portion of the Funds' capital would be committed to the financial instruments purchased, thus possibly preventing the Funds from investing in other opportunities. In addition, the Funds may finance such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period.

Equity Risks. The Funds invests in equity and equity-linked securities. The value of these securities generally will vary with the performance of the issuer and movements in the equity markets. As a result, the Funds may suffer losses if it invests in equity securities of issuers whose performance diverges from Act II's expectations or if equity markets generally move in a single direction and the Funds have not hedged against such a general move.

Illiquid Investments. The Core Funds may invest in securities, bank debt and other claims, and other assets, which are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, for such investments tend to be volatile and may not be readily ascertainable and the Core Funds may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. The Core Funds may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a

specified period of time. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale.

Leverage and Financing Risk. The Funds have the power to borrow funds and may do so when deemed appropriate by Act II, including to enhance the Funds' returns and meet withdrawals that would otherwise result in the premature liquidation of investments. The Funds may borrow funds from brokers, banks and other lenders to finance their trading operations. The use of such leverage can, in certain circumstances, substantially increase the losses to which the Funds' investment portfolio may be subject. Such leverage, which may be substantial, may be achieved through, among other methods, purchases of securities on margin and the use of options, futures, forward contracts, repurchase and reverse repurchase agreements, swaps and other financial instruments that are inherently leveraged. The access to capital could be impaired by many factors, including market forces or regulatory changes. There could also be other factors more specific to the Funds, such as fraud by one of the employees. If the Funds were unable to borrow capital, they may need to liquidate assets in order to meet their liabilities.

The Funds may achieve better margin lending terms from certain of its prime brokers than are generally available to U.S. investors. As a result, the level of margin available to the Funds for their investments generally will be limited only by the credit decisions of its prime brokers. There can be no assurance, however, that such prime brokers either will continue such arrangements with the Funds or that such prime brokers and other lenders will approve extensions of credit to the Funds at the levels requested by the Funds. Any restriction on the availability of credit from such parties could adversely affect the Funds' performance.

The use of margin and short-term borrowings creates several risks for the Funds. If the value of the Funds' securities falls below the margin level required by a prime broker, additional margin deposits would be required. If the Funds are unable to satisfy any margin call by a prime broker, then the prime broker could liquidate the Funds' position in some or all of the financial instruments that are in the Funds' accounts at the prime broker and cause the Funds to incur significant losses. The failure to satisfy a margin call, or the occurrence of other material defaults under margin or other financing agreements, may trigger cross-defaults under the Funds' agreements with other brokers, lenders, clearing firms or other counterparties, multiplying the adverse impact to the Funds. In addition, because the use of leverage allows the Funds to control positions worth significantly more than its investment in those positions, the amount that the Funds may lose in the event of adverse price movements is high in relation to the amount of its investment.

In the event of a sudden drop in the value of the Funds' assets, the Funds might not be able to liquidate assets quickly enough to satisfy its margin requirements. In that event, the Funds may become subject to claims of financial intermediaries that extended "margin" loans. Such claims could exceed the value of the assets of the Funds. The banks and dealers that provide financing to the Funds can apply essentially discretionary margin, haircut, financing and collateral valuation policies. Changes by banks and dealers in any of the foregoing may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous prices. There can be no assurance that the Funds will be able to secure or maintain adequate financing, without which the Funds may not continue to be viable. The purchase of options, futures, forward contracts, repurchase agreements, reverse repurchase agreements and equity swaps generally involves little or no margin deposit and,

therefore, provides substantial leverage. Accordingly, relatively small price movements in these financial instruments may result in immediate and substantial losses to the Funds.

Hedging Transactions. Act II may utilize financial instruments both for investment purposes and for risk management purposes in order to: (i) protect against possible changes in the market value of the investment portfolios of the Funds resulting from fluctuations in the markets and changes in interest rates, (ii) protect the Funds' unrealized gains in the value of its investment portfolio, (iii) facilitate the sale of any such investments, (iv) enhance or preserve returns, spreads or gains on any investment in the portfolio of the Funds, (v) hedge the interest rate or currency exchange rate on any of the liabilities or assets of the Funds, (vi) protect against any increase in the price of any securities the Funds anticipate purchasing at a later date or (vii) for any other reason that Act II deems appropriate. The success of the hedging strategy of the Funds will be subject to Act II's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Funds' hedging strategy will also be subject to Act II's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While the Funds may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Funds than if it had not engaged in any such hedging transactions. For a variety of reasons, Act II may not seek to hedge certain (or any) portfolio holdings, or may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Funds from achieving the intended hedge or expose the Funds to a risk of loss. Act II may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the portfolio holdings of the Funds.

Short Selling. The Funds' investment portfolio may include short positions. Short selling involves selling securities which may or may not be owned by the short seller, and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the seller to profit from a decline in market price to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which the Funds engage in short sales will depend upon Act II's investment strategy and opportunities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Funds of buying those securities to cover the short position. There can be no assurance that the Funds will be able to maintain the ability to borrow securities sold short. In such cases, the Funds can be "bought in" (*i.e.*, forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Trading in Options and Swap Agreements. The prices of derivative instruments, including options, and payments pursuant to swap agreements, may be highly volatile and are influenced by, among other things, interest rates, changing supply and

demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events. The Funds may purchase and sell (“write”) options on securities, currencies and commodities on national and international exchanges and over-the-counter markets.

There are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (*e.g.*, the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security if the market price falls 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 security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option. The Funds do not currently intend to sell uncovered put options.

There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (*e.g.*, the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security 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 security above the exercise price of the option. The securities necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the securities to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option. The Funds do not currently intend to sell uncovered call options. Options may be cash settled, settled by physical delivery or settled by entering into a closing purchase transaction. In entering into a closing purchase transaction, the Funds may be subject to loss to the extent that the premium paid for entering into such closing purchase transaction exceeds the premium received when the option was written. Swaps and certain options and other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty. In addition, the Funds are also subject to the risk of the failure of any of the exchanges on which it trades or of their clearinghouses.

Counterparty Risk. The markets in which the Funds will effect their transactions may include “over-the-counter” or “interdealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange based” markets. This exposes the Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not *bona fide*) or because of a credit or liquidity problem, thus causing the Funds to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Funds have concentrated their transactions with a single or small group of counterparties. The Funds are not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Moreover, Act II has no internal credit function which evaluates the creditworthiness of its counterparties. The ability of the Funds to transact business with any one or number of

counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities, and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Funds. The Funds' assets may be held in accounts maintained for the Core Fund by their prime brokers. The prime brokers, as brokerage firms or commercial banks, are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Funds' assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a prime broker or any of its sub-custodians, agent or affiliates, it is impossible to generalize about the effect of their insolvency on the Funds and their assets.

Counterparty Insolvency. The Funds' assets may be held in one or more accounts maintained for the Funds by counterparties, including their prime brokers. There is a risk that any of such counterparties could become insolvent. The insolvency of the Funds' counterparties is likely to impair the operational capabilities or the assets of the Funds. Although Act II regularly monitors the financial condition of the counterparties it uses, if one or more of the Funds' counterparties were to become insolvent or the subject of liquidation proceedings in the U.S. (either under the U.S. Securities Investor Protection Act or the U.S. Bankruptcy Code), there exists the risk that the recovery of the Funds' securities and other assets from such prime broker or broker-dealer will be delayed or be of a value less than the value of the securities or assets originally entrusted to such prime broker or broker-dealer. In addition, the Funds may transact with counterparties located in various jurisdictions outside the United States. Such local counterparties are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Funds' assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of their insolvency on the Funds and their assets.

Position Limits. "Position limits" imposed by various regulators may also limit the Funds' ability to effect desired trades. Position limits are the maximum amounts of gross, net long or net short positions that any one person or entity may own or control in a particular financial instrument. All positions owned or controlled by the same person or entity, even if in different accounts, may be aggregated for purposes of determining whether the applicable position limits have been exceeded. Thus, even if the Funds do not intend to exceed applicable position limits, it is possible that different accounts managed by Act II and their respective affiliates may be aggregated. If at any time positions managed by Act II and their respective affiliates were to exceed applicable position limits, Act II and their respective affiliates would be required to liquidate positions, which might include positions of the Funds, to the extent necessary to come within those limits. Further, to avoid exceeding the position limits, the Funds might have to forego or modify certain of their contemplated trades.

Forward Trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the

forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in forward markets due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which Act II would otherwise recommend, to the possible detriment of the Funds. Market illiquidity or disruption could result in significant losses to the Funds.

Loans of Portfolio Securities. The Funds may lend their portfolio securities. By doing so, the Funds attempt to increase income through the receipt of interest on the loan. In the event of the bankruptcy of the other party to a securities loan, the Funds could experience delays in recovering the loaned securities. To the extent that the value of the securities the Funds lent has increased, the Funds could experience a loss if such securities are not recovered.

ITEM 9
DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of Act II's advisory business or the integrity of Act II's management.

ITEM 10

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Broker-Dealer Registration Status.

Act II and their respective management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as broker-dealers or registered representatives of a broker-dealer.

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

Act II and their respective management persons are not registered as, and do not have any application to register as, futures commission merchants, commodity pool operators, commodity trading advisors or associated persons of the foregoing entities.

Material Relationships or Arrangements with Industry Participants.

WSA is an investor in the Domestic Fund. Cowen conducts trade execution and provide other services on behalf of Act II. Such investment and arrangement may provide Act II with financial and other incentives to select WSA and Cowen to effect securities transactions for clients. Nonetheless, Act II is committed to the appropriate selection of broker-dealers to effect securities transactions for clients in accordance with the procedures described above.

As noted in Item 4, above, Act II's affiliates, Act II Intermediate GP, LLC serves as the general partner to Act II Intermediate Fund, L.P., and Act II Management, L.P., serves as the investment adviser of the Funds.

In addition, Act II, employees, affiliates, and/or their related persons may also invest directly in any one, some or all of the Funds. It should be noted that investments made by such parties generally are not subject to the management fee or performance based fee described in Item 5.

Material Conflicts of Interest Relating to Other Investment Advisers.

Act II does not recommend or select other investment advisers for its clients.

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

Code of Ethics.

Act II strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, Act II has adopted a Code of Ethics (the “Code”). The Code incorporates the following general principles that all employees are expected to uphold: employees must at all times place the interests of clients first; all personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest or any abuse of an employee’s position of trust and responsibility must be avoided; employees must not take any inappropriate advantage of their positions; information concerning the identity of securities and financial circumstances of the Funds, including the Funds’ investors, must be kept confidential; and independence in the investment decision-making process must be maintained at all times.

Clients may request a copy of the Code by contacting Act II Capital at the address or telephone number listed on the first page of this document.

Securities that Act II or a Related Person Has a Material Financial Interest.

Act II currently manages only one portfolio at the master level and therefore allocates all securities transactions to that account. In the event that Act II manages additional portfolios in the future, Act II will develop appropriate policies and procedures to effect fair and equitable cross-transactions, if any.

As a matter of policy, Act II generally does not permit any principal transactions between client accounts and accounts affiliated with Act II.

Investing in Securities that Act II or a Related Person Recommends to Clients.

The Code also places restrictions on personal trades by employees, including that they must disclose their personal securities holdings and transactions to Act II, and requires that employees pre-clear certain types of personal securities transactions.

ITEM 12

BROKERAGE PRACTICES

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

As noted previously, Act II has full discretionary authority to manage the Funds, including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid. Act II's authority is limited by its own internal policies and procedures and each Fund's investment guidelines.

In selecting an appropriate broker-dealer to effect a client trade, Act II seeks to obtain best execution. The selection of broker-dealers for transactions in equity securities is generally made by Act II in accordance with a ranking of broker-dealers determined by Act II. Such ranking is based upon a variety of factors, including, but not limited to: available prices and rates of brokerage commissions; the size and type of transaction; the provision of research related services; the nature and character of the markets for the security to be purchased or sold; the execution efficiency and financial condition of the broker-dealer; the brokerage execution services rendered on a continuing basis; and other services provided by the broker-dealer. Act II negotiates with each of the broker-dealers in an attempt to obtain the lowest available commission on behalf of the Funds, without sacrificing the quality of the execution services. Act II maintains policies and procedures to review the quality of executions, including periodic reviews by its investment and compliance professionals.

Soft Dollars Usage

From time to time, Act II may pay a broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transaction) for effecting Fund transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research products and services provided by the broker-dealer. Act II will effect such transactions, and receive such brokerage and research services, only to the extent that they fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934. Act II believes it is important to its investment decision-making processes to have access to independent research.

Generally, brokerage and research services provided by broker-dealers may include among other things information on the economy, industries, groups of securities, individual companies, statistical information, accounting and tax law interpretations, political developments, legal developments affecting portfolio securities, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis, and analysis of corporate responsibility issues. Such brokerage and research services are received primarily in the form of written reports, telephone contacts, and personal meetings with security analysts. In addition, such brokerage and research services may be provided in the form of access to various computer-generated data, computer software, and meetings arranged with corporate and industry spokespersons, economists, academicians, and government representatives. In many cases, the brokerage and research services and products provided by the broker-dealer are generated by third parties.

Also, consistent with Section 28(e), brokerage and research products or services obtained with “soft dollars” generated by one or more Funds may be used by Act II to service one or more other Funds, including Funds that may not have paid for the soft dollar benefits. Act II does not seek to allocate soft dollar benefits to client accounts in proportion to the soft dollar credits the client accounts generate. Where a product or service obtained with soft dollars provides research and non-research assistance to Act II (*e.g.*, a “mixed use” item), Act II will make a good faith allocation of the cost which may be paid for with soft dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services and products, a conflict of interest may exist by reason of Act II’s allocation of the costs of such benefits and services between those that primarily benefit Act II and those that primarily benefit the Funds.

Prior to entering into any soft dollar arrangement, Act II: (1) endeavors to verify that the research under consideration meets the SEC’s definition of eligible “research,” or “brokerage” (2) endeavors to verify that the brokerage or research will benefit the Funds by providing “lawful and appropriate assistance” to Act II in the fulfillment of its investment decision-making process, and (3) makes a good faith determination that client commissions paid to a broker-dealer are reasonable in relation to the value of products or services provided by broker-dealers and documents the basis for the determinations made in (1) and (2).

At least annually, Act II considers the amount and nature of brokerage and research services and products provided by broker-dealers, as well as the extent to which such services and products are relied upon, and attempts to allocate a portion of the brokerage business of its Funds on the basis of that consideration. Broker-dealers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocation, but can (and often does) exceed the suggested level, because total brokerage is allocated on the basis of all of the considerations described above. In no case will Act II make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer, nor will it commit to pay cash if any informal targets are not met. A broker-dealer is not excluded from receiving business because it has not been identified as providing research products or services

Order Aggregation.

Act II currently manages only one portfolio at the master level and therefore allocates all securities transactions to that account. In the event that Act II manages additional portfolios in the future, Act II will develop appropriate policies and procedures to effect fair and equitable allocations.

Act II may on occasion experience errors with respect to trades executed on behalf of its clients. Trade errors can result from a variety of situations, including, for example, when the wrong security is purchased or sold, the correct security is purchased or sold but for the wrong account, or the wrong quantity is purchased or sold (*e.g.*, 1,000 shares instead of 10,000 shares are traded). Trade errors may result in losses or gains. Act II will endeavor to detect trade errors prior to settlement and correct and/or mitigate them in an expeditious manner. To the extent an error is caused by a counterparty, such as a broker-dealer, Act II will strive to recover any losses associated with such error from the counterparty. To the extent that Act II determines that it is responsible for a trade error that is caused by Act II’s gross negligence, willful misconduct or bad faith, Act II will seek to

resolve the error on a fair and equitable basis, by attributing trade error losses to Act II and the Funds will not bear the loss as a result of such error. Client gains caused by trade errors will be credited to the affected client. Act II has established internal policies regarding the manner in which such determinations are made. In making such determinations, Act II will have a conflict of interest.

ITEM 13

REVIEW OF ACCOUNTS

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

Act II performs various daily, weekly, monthly, quarterly and periodic reviews of the Funds' portfolios on an ongoing basis. The Chief Financial Officer is responsible for overseeing the review. Act II also verifies that trades have been properly executed and that the positions held by the Funds are accurate and appropriate.

In addition, Aaron Chan, in his capacity as Chief Compliance Officer, periodically reviews Act II's trading and current practices to ensure consistency with applicable laws and regulations.

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

The accounts are under continuous review.

Content and Frequency of Account Reports to Clients.

Investors in the Funds receive a monthly statement from the Administrator documenting the performance of their Fund. Investors in the Funds also receive annual audited financial statements prepared by the independent auditor of the applicable Fund within 120 days after the end of each fiscal year (or as soon thereafter as is reasonably possible), as well as certain tax information for preparation of investors' tax returns.

ITEM 14
CLIENT REFERRALS AND OTHER COMPENSATION

Economic Benefits for Providing Services to Clients.

Act II does not receive economic benefits from non-clients for providing investment advice and other advisory services.

Compensation to Non-Supervised Persons for Client Referrals.

Act II has entered into arrangements pursuant to which it compensates a third party for investor referrals. Any such arrangements are made in compliance with Rule 206(4)-3 under the Advisers Act, as well as relevant SEC guidance. In general, Act II may pay third party solicitors out of the fees it receives with regards to the Funds for investor referrals.

ITEM 15 CUSTODY

Act II is deemed to have custody of some client funds and securities because it has the authority to obtain these client funds or securities, for example, by deducting advisory fees from a client's account or otherwise withdrawing funds from a client's account. Account statements related to the clients are sent by qualified custodians to Act II. The qualified custodians presently utilized by Act II for the Funds' cash and securities comprising the assets of the Funds are:

Goldman Sachs & Co.
200 West Street
New York, NY 10282

JP Morgan Securities LLC
383 Madison Avenue
New York, NY 10179

Morgan Stanley & Co. LLC
1585 Broadway
New York, NY 10036

Citco Banking Corporation N.V.
De Ruyterkade #62, Willwmstad
Curacao

To ensure compliance with the Custody Rule, Act II reasonably believes that all investors in the Funds which Act II is deemed to have custody will be provided with audited financial statements for their respective Funds, prepared by an independent public accountant that is registered with, and subject to regular inspection by the Public Company Accounting Oversight Board, in accordance with Generally Accepted Accounting Principles, within 120 days of the end of the respective Funds' fiscal years. Investors should carefully review such audited financial statements.

ITEM 16
INVESTMENT DISCRETION

Act II Capital serves as the general partner with discretionary trading authority for the Domestic Fund. Act II Intermediate GP serves as the general partner with discretionary trading authority for the Intermediate Fund. Act II Management serves as the management company with discretionary trading authority for each other Fund.

Act II's investment decisions and advice with respect to each Fund are subject to each Fund's investment objectives and guidelines, as set forth in its offering documents.

ITEM 17

VOTING CLIENT SECURITIES

Rule 206(4)-6 requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies and procedures. In compliance with such rules, Act II has adopted proxy voting policies and procedures (the “Policies”). The general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, “proxies”), in a manner that serves the best interests of the Funds, as determined by Act II in its discretion, taking into account the following factors, among others: (i) the impact on the value of the investments; (ii) the anticipated associated costs and benefits; (iii) the effect on liquidity; and (iv) the customary industry and business practice. In limited circumstances, Act II may refrain from voting proxies where Act II believes that voting would be inappropriate taking into consideration the cost of voting the proxy and the anticipated benefit to the Funds. Act II maintains a record of its proxy voting policies and procedures, proxy statements received, votes cast, all communications received, internal documentation that was material to voting decisions, as well as each request for proxy voting records received and Act II’s responses for five (5) years.

A copy of the Policies and the proxy voting record relating to a client may be obtained by contacting Act II Capital at the address on the first page of this document.

ITEM 18
FINANCIAL INFORMATION

Act II is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy petition at any time during the past ten (10) years. As such, Act II has no required disclosure pursuant to this Item.