

TWIN SECURITIES, INC.

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This Brochure provides information about the qualifications and business practices of Twin Securities, Inc. If you have any questions about the contents of this Brochure, please contact us at (212) 687-6850 or email dtaubenfeld@twincap.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 Twin Securities, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

Twin Securities, Inc. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

Item 2 – Material Changes

The following is a summary of material changes made to this Brochure since the annual update made on March 29, 2019.

- We have not materially updated our brochure since the annual update on March 29, 2019

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Item 4 – Advisory Business

Advisory Services

4.A. Advisory Firm Description

Twin Securities, Inc. (“Twin” or “Adviser”) is an investment adviser established in 1988 by David J. Simon, who is the principal owner of the firm. Twin's principal place of business is located at 250 W. 55th Street, 30th Floor, New York, NY, 10019.

4.B. Types of Advisory Services

Twin provides investment advisory and management services as a discretionary investment adviser to separately managed client accounts (“SMCs”) and privately offered pooled investment vehicles (“Private Funds,” and together with the SMCs, “Clients”) organized as domestic limited partnerships or limited liability companies, or as foreign companies intended for sophisticated investors and institutional investors. One of Twin’s SMCs, for which Twin provides sub-investment advisory services, is a highly regulated open-ended umbrella Irish collective asset management vehicle which is intended for all investors.

Each of the Private Funds is overseen by either a General Partner or Board of Directors, depending upon each fund’s structure and organization. Twin provides investment advice to the following Private Funds:

- Twin Master Fund, LTD. (the “Master Fund”), a Cayman Islands exempted company;
- Twin Securities, LP (the “Domestic Fund”), a Delaware limited partnership that invests substantially all of its assets in the Master Fund;
- Twin Offshore, LTD. (the “Offshore Fund”), a Cayman Islands exempted company that invests substantially all of its assets in the Master Fund; and
- Twin Opportunities Fund, LP (the “Opportunities Fund”), a Delaware limited partnership.

Shares or limited partnership interests in the Funds are not registered under the U.S. Securities Act of 1933, as amended; nor are the Funds registered under the Investment Company Act of 1940, as amended. Accordingly, interests or shares in the Funds are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements, either in private transactions within the U.S. or in offshore transactions. Persons reviewing this Brochure should not construe this as an offer to sell or solicitation of an offer to buy the securities of any of the Funds described herein. Any such offer or solicitation will be made only by means of a confidential private placement memorandum.

4.C. Client Investment Objectives/Restrictions

Investments for SMCs are managed in accordance with each Client's stated investment objectives, strategies, restrictions and guidelines.

Investments for Private Funds are managed in accordance with each Fund's investment objective, strategies and restrictions. They are not tailored to the individualized needs of any particular investor in the Fund (each an "Investor"). Investors may not impose restrictions on investing in certain securities or certain types of securities. Twin's primary focus is investing in equity and debt securities using specific event-driven strategies; however, the Opportunities Fund's strategy allows for higher concentration and increased leverage than Twin's other Client accounts.

4.D. Wrap-Fee Programs

Twin does not participate in, nor is it a sponsor of, any wrap fee programs.

4.E. Regulatory Assets Under Management as of 12/31/2019:

Discretionary basis: \$197,516,807

Non-Discretionary basis: \$0

Item 5 – Fees and Compensation

Advisory Contracts and Fees

5.A. Adviser Compensation

Fee Schedules

Private Funds

Detailed descriptions of Private Fund fees are located in each Private Fund's Offering Documents.

The management fee is calculated and paid quarterly in arrears, in an amount equal to one half of one percent (0.5%) of the average month-end net asset value of the Fund during the applicable calendar quarter (approximately 2% annually). Twin may also receive incentive compensation paid through an annual allocation of profits from each Investor. The incentive compensation is equal to, in the aggregate, 20% of the appreciation of each series' net asset value and is subject to a high water mark. The incentive compensation, if any, is accrued monthly and may be allocated as of December 31 (or as of a termination date of the investment management agreement). If an Investor in the Private Fund makes a redemption prior to the end of a calendar year, an incentive allocation will be made at such time with respect to the redeemed amount.

In the sole discretion of Twin, management and performance-based fees may be waived, reduced, or calculated differently with respect to certain Investors, including, without limitation, Investors that are officers, directors, members, partners, or employees (collectively the "Employees") of Twin, members of the immediate families of such persons, and trusts or other entities for their benefit. Thus, different investors may pay different management fees or incentive compensation based on the investment date or waivers. Certain Private Funds may maintain multiple class structures with differing fees paid by each class.

SMCs

SMCs are subject to different terms and fee arrangements. The terms of these arrangements are negotiated between Twin and the SMC's. Fees charged include incentive compensation as a percentage of the net profits (including unrealized gains) on the account. To the extent the incentive compensation described above constitutes the type of performance-based fee contemplated by Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (the "Act"), Twin charges this fee in compliance with Rule 205-3 of the Act.

Other Advisory Fee Arrangements

Twin reserves the right, in its sole discretion, to negotiate and to charge different advisory fees for certain accounts or Clients based on the Client's particular needs as well as overall financial condition, goals, risk tolerance, and other factors unique to the Client's particular circumstances.

5.B. Direct Billing of Advisory Fees

For current SMCs, the Client is responsible for calculating management and performance fees. Twin does not deduct the management fees and performance fees from Client accounts. For the Private Funds, management fees and performance fees are deducted from Client accounts by instructing the Private Funds' custodian to pay such fees.

5.C. Other Non-Advisory Fees

In addition to the compensation paid to Twin described above, each Client incurs its own brokerage commissions, transaction fees, and other related costs and expenses related to the purchase, sale and transmittal of Client investments, such as charges imposed by custodians, brokers, and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. In addition, the Private Funds may also incur legal, administrative, tax, professional liability insurance, audit, regulatory fees and registration costs. Client accounts investing in mutual funds or exchange traded funds will also incur internal management fees, which are disclosed in those funds' prospectuses. Such charges, fees, and commissions are exclusive of, and in addition to, Twin's fee. Twin does not receive any portion of these commissions, fees, and costs.

Any expenses shared by more than one Private Fund will be allocated pro-rata based on each fund's capital or in a manner that is demonstrably fair. Expenses that are attributable to Twin and one or more Clients will be allocated in a manner that is demonstrably fair and that is consistent with disclosures to all affected Clients.

Item 12 further describes the factors that Twin considers in selecting or recommending broker-dealers for Client transactions and determining the reasonableness of their compensation (e.g., commissions).

5.D. Advance Payment of Fees

This item is not applicable as Client Accounts are charged in arrears for management and performance fees.

5.E. No Compensation for Sale of Securities or Other Investment Products

Adviser's supervised persons do not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

The Adviser and its investment personnel provide investment management services to multiple portfolios for multiple Clients. The Adviser is entitled to be paid performance-based compensation by its Private Funds and certain other Client accounts. Investment personnel may receive additional compensation from the Adviser based on performance in Client accounts. The Adviser and its investment personnel, including investment personnel that share in performance-based compensation, manage both Client accounts that are charged performance-based compensation and accounts that are charged an asset-based fee, which is a non-performance based fee. In addition, certain Client accounts may have higher asset-based fees or more favorable performance-based compensation arrangements than other accounts. Any performance-based fees charged by Twin will be in compliance with Rule 205-3 under the Investment Advisers Act of 1940, as amended (“Advisers Act”), as applicable, unless that rule is inapplicable by reason of Advisers Act Section 205(b) or interpretive positions of the staff of the U.S. Securities and Exchange Commission (“SEC”).

Performance-based fee arrangements may create an incentive for Twin to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. This creates a potential conflict of interest. Twin has procedures designed and implemented to ensure that all Clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among Clients.

Twin also provides investment and advisory services to SMC’s. Such services are provided pursuant to the agreed upon investment guideline terms set forth in the investment management agreement. Unlike investors in the Private Funds, SMC’s may impose reasonable mandates, guidelines, or restrictions relating to investments. For example, SMC’s may impose limits on concentration, risk, exposure, and liquidity that may be different from those in the Funds. A SMC directly owns the positions in its separately managed account, therefore, the Client will typically have full, real-time transparency to all transactions and holdings in such account, and may be better able to assess the future prospects of a portfolio that is substantially similar to the portfolios of the other Twin clients and particularly, the private funds. The account owner in a SMC typically has the right to withdraw all or a portion of their capital from such managed account on shorter notice and/or with more frequency than the terms applicable to an investment in the Twin private funds. Twin may advise other SMCs in the future.

Item 7 – Types of Clients

Twin's Clients are Private Funds, as well as SMCs currently consisting of other investment advisers.

SMCs

The minimum amount required to establish an SMC relationship with Twin is individually negotiated. It should be noted that any SMC relationship is generally subject to significant account minimums.

Private Fund

The minimum initial investment in the Private Funds is disclosed in each fund's offering memorandum.

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

Twin's strategy focuses on investments in securities subject to corporate activity where the Adviser believes the market price does not adequately reflect the impact the corporate activity will have on the securities' valuation.

In particular, the strategy utilizes securities classified under three broad strategies: Merger Arbitrage, Special Situations and Undervalued Securities with a Catalyst. Merger Arbitrage entails mergers, acquisitions, hostile offers and leverage buy-outs. Special Situations encompass securities subject to reorganizations, spin-offs, proxy contests, litigation and short sales. Undervalued with Catalyst situations consist of securities subject to management change, shareholder activism, industry consolidation, clarification of operations, strategic change and shareholder turnover. Clients may also elect to have their assets managed in a portfolio consisting of a sub-set of the strategy, for example in a Merger Arbitrage Only strategy.

Twin invests primarily in equity and debt securities, equity options, equity related convertible securities, interest bearing or interest rate sensitive marketable securities (including those issued or guaranteed by the United States Government or agencies or instrumentalities of the United States Government), forward contracts, swaps, derivatives, currencies and any other instruments which are traded in normal channels of trading for securities.

Twin generally bases its investment decisions on internally generated research and, from time to time, on research obtained from outside sources. The Adviser attempts to take a mathematical approach to investing by evaluating the downside/upside potential as well as, in the case of securities subject to extraordinary corporate activity, the probability of completion of each transaction in order to calculate the expected return. Twin also attempts to minimize loss exposure in specific situations by having position size determined by downside potential as well as by engaging in stop-loss techniques.

Twin pursues an active money management style designed to achieve capital appreciation independent of the cycles and returns normally found in the equity markets. Its investment philosophy is value- and event-oriented, specializing in the identification and analysis of securities that can benefit from extraordinary transactions.

Twin's Client account compositions may vary to some extent based upon a number of factors, including investment restrictions, leverage guidelines, risk profiles, liquidity needs, tax planning, timing of actual or anticipated capital additions or withdrawals, and problems of allocating small numbers of shares. For example, the Opportunities Fund is more highly concentrated in securities than Twin's other Client accounts. To the extent certain accounts have different security weightings (as a result of the factors mentioned above), securities

may be purchased or sold for such accounts when other accounts are not purchasing or selling the same security. Twin has policies and procedures in place to ensure all transactions are in the best interest of each Client, and adhere to each Client's investment guidelines and restrictions as set forth in the applicable investment management agreement or other document that governs the Client account.

Twin's strategy may, from time to time, employ leverage for investment purposes or to fund redemptions and may engage in short sales.

8.B. Material Risks of Investment Strategies

Investing in securities involves significant risks, including the risk of loss of some or all of an investment. Prospective Clients and Investors should speak with their legal, tax and financial advisors prior to making an investment with Twin. The following summary identifies certain material risks related to Twin's significant investment strategies and should be carefully evaluated before making an investment with Twin. However, the following does not intend to identify all possible risks of an investment with Twin or provide a full description of the identified risks. Please see the risk factors in the Private Funds' offering memoranda for a more detailed discussion of the identified risks.

There can be no guarantee of success of the strategies offered by Twin. Investment portfolios may be adversely affected by general economic and market conditions such as interest rates, availability of credit, inflation rates, changes in laws and political circumstances. These factors may affect the level and volatility of security pricing and the liquidity of an investment. These strategies do not employ limitations on particular sectors, industries or securities. Trading in the portfolios may affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short Sale Risk. Short sales are speculative transactions and involve special risks. In order to initiate a short position, a security must be borrowed. Strategies that execute short sales may incur a loss if the price of the security sold short increases in value between the date of the short sale and the date when we purchase the security to replace the borrowed security. Losses are potentially unlimited in a short sale transaction.

Leverage. At times, the amount of such leverage may be substantial. Leverage may increase the exposure to capital risk and higher current expenses. If securities are purchased on margin and the value of those securities fall, the portfolio would be subject to expenses incurred to pay down the margin loans to avoid liquidation of the securities. If loans to the portfolio are collateralized with portfolio securities that decrease in value, then there may be an obligation to provide additional collateral to the lender in the form of cash

or securities to avoid liquidation of the pledged securities. Any such liquidation could result in substantial losses.

Management Risk. Judgments about the value and potential appreciation of a particular security may be wrong and there is no guarantee that individual securities will perform as anticipated. The value of an individual security can be more volatile than the market as a whole or our intrinsic value approach may fail to produce the intended results.

Accuracy of Public Information. Twin selects investments, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to the adviser by the issuers or through sources other than the issuers. Although Twin evaluates all such information and data and ordinarily seeks independent corroboration when Twin considers it is appropriate and reasonably available, the adviser is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available.

Market Risk. There is the possibility that the value of equity securities may decline due to daily fluctuations in the securities markets. Stock prices change daily as a result of many factors, including developments affecting the condition of both individual companies and the market in general. The price of a stock may even be affected by factors unrelated to the value or condition of its issuer, such as changes in interest rates, national and international economic and/or political conditions and general equity market conditions. In a declining stock market, prices for all companies may decline regardless of their long-term prospects.

Competition. The securities industry and the arbitrage business in particular, is extremely competitive. The Adviser competes with firms, including many of the larger investment banking firms, which have substantially greater financial resources than does the Adviser. In any given transaction, arbitrage activity by other firms may limit the investment opportunities.

General Risks of Arbitrage Transactions. The success of arbitrage strategies depends often on the ability to execute two or more simultaneous transactions at desired prices. Should such transactions not be executed simultaneously at the desired prices, losses may be incurred on both sides of the transaction. Additionally, separate costs are incurred on both sides of an arbitrage transaction, and substantial favorable price moves may be required before a profit can be realized. Merger arbitrage transactions are inherently volatile. The short-term performance of portfolio securities may fluctuate significantly. If the proposed transaction is not consummated or delayed, the value of such securities purchased may decline significantly.

8.C. Material Risks of Securities Used in Investment Strategies

Equity Risk. Regardless of any one company's particular prospects, a declining stock market may produce a decline in prices for all equity securities, which could also result in losses.

Options Risk. The Funds may purchase and sell call and put options on securities and other financial instruments. Both the purchase and the sale of call and put options entail risk. Prices of options are generally more volatile than prices of other financial instruments. The buyer's risk is limited to the amount of the purchase price. The seller's risk on call option is limited if covered by the underlying equity shares and, in theory, unlimited if uncovered. The seller's risk on put option is that the price of the underlying instrument may fall below the exercise price.

Non-diversified Risk. Because the portfolios may invest a greater portion of its assets in securities of a single issuer or a limited number of issuers than a portfolio with diversification limitations, it may be more susceptible to a single adverse economic or political occurrence affecting one or more of these issuers. From time to time a significant portion of the portfolio may be concentrated in a particular security, industry, market or country. Should such security, industry, market or country become subject to adverse financial conditions, the portfolio may not be afforded the protection otherwise available through greater diversification of its investments.

Risks of Derivatives. The risks posed by derivatives include (1) credit risks (the exposure to the possibility of loss resulting from a counterparty's failure to meet its financial obligations); (2) market risks (adverse movements in the price of a financial asset or commodity); (3) legal risks (an action by a court or by a regulatory or legislative body that could invalidate a financial contract); (4) operations risks (inadequate controls, deficient procedures, human error, system failure or fraud); (5) documentation risks (exposure to losses resulting from inadequate documentation); (6) liquidity risks (exposure to losses created by the inability to prematurely terminate a derivative); (7) systematic risks (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); (8) concentration risks (exposure to losses from concentration of closely-related risks such as exposure to a particular industry or exposure linked to a particular entity); and (9) settlement risks (the risk that the portfolio has when it has performed its obligations under a contract but has not yet received value from its counterparty).

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 are substantially unregulated; there is not a limitation on daily price movements and speculative position limits are not applicable. These markets can experience periods of illiquidity, sometimes of significant duration. The imposition of controls by governmental authorities might also limit such forward trading. Neither the Commodity Futures Trading Commission nor banking authorities regulate forward currency through banks. There is the risk of bank failure or the inability or refusal by a bank to perform with respect to such contracts.

Special Situations. Investments in companies involved in (or the target of) acquisition attempts or tender offers or companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions are subject to the risk that the transaction in which such business enterprise is involved either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security, the value of which will be less than the purchase price of the security or other financial instrument in respect of which such distribution is received. In connection with such transactions (or otherwise), securities may be purchased on a when-issued basis, which means that delivery and payment take place sometime after the date of the commitment to purchase and is often conditioned upon the occurrence of a subsequent event, such as approval and consummation or a merger, reorganization or debt restructuring.

Reliance on David J. Simon. The Clients rely heavily on the services of David J. Simon, the principal and Managing Member of Twin. Mr. Simon is responsible for all of the major decisions affecting Clients. Should Mr. Simon determine to discontinue managing the affairs of, or withdraw from, the General Partner and/or Twin or should Mr. Simon die, be incapacitated or, for some other reason, be unable to effectively manage the affairs of the General Partner and/or Twin, the business and results of the operations of the Funds would be adversely affected. If Mr. Simon dies, becomes legally incapacitated such that he is unable to participate in the management of Clients’ portfolio in the same manner as immediately before the onset of his incapacity, or ceases to be involved in the management of the Clients’ portfolio for an extended period, Clients will promptly be notified. Upon such notice, clients will be permitted to withdraw/redeem in accordance with each Fund’s governing documents or for SMC’s in accordance with their agreements.

Brokerage and Custodial Risk. There are risks involved in dealing with the custodians or prime brokers who settle the Clients’ trades. The Clients maintain custody accounts with its prime brokers and primary custodians, Goldman Sachs and Co. (“GSCO”) State Street Bank and Trust (“SSBT”) and Morgan Stanley & Co. LLC (“Morgan Stanley” and, together with GSCO, and SSBT the “Prime Brokers”). Although the General Partner/Twin monitors the Prime Brokers and believes that they are appropriate custodians, there is no guarantee that the Prime Brokers, or any other custodian that Clients may use from time to time, will not

become bankrupt or insolvent. While both the U.S. Bankruptcy Code and the Securities Investor Protection Act of 1970 seek to protect customer property in the event of a bankruptcy, insolvency, failure, or liquidation of a broker, there is no certainty that, in the event of a failure of a broker that has custody of Client assets, the Clients would not incur losses due to its assets being unavailable for a period of time, the ultimate receipt of less than full recovery of its assets, or both.

Cybersecurity Risk. As part of its business, the Advisor processes, stores and transmits large amounts of electronic information, including information relating to the transactions of Clients and personally identifiable information of investors. Similarly, service providers for the Advisor may process, store and transmit such information. The Advisor has procedures and systems in place that it believes are reasonably designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to the Advisor may be susceptible to compromise, leading to a breach of the Advisor's network. The Advisor's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services provided by the Advisor to the investors may also be susceptible to compromise. Breach of the Advisor's information systems may cause information relating to the transactions of the Clients and personally identifiable information of the investors to be lost or improperly accessed, used or disclosed. The service providers of the Advisor are subject to the same electronic information security threats as the Advisor. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions for Clients or personally identifiable information of investors may be lost or improperly accessed, used or disclosed. The loss or improper access, use or disclosure of the Advisor's or Clients' proprietary information may cause the Advisor or Clients to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on Clients and therein.

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 them or the integrity of their management. Twin has no disclosure applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

10.A. No Registered Representatives

Twin's management persons are not registered, nor do any management persons have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

10.B. No Other Registrations

Twin's management persons are not registered, nor do any management persons have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities.

10.C. Material Relationships or Arrangements

This section is not applicable.

10.D. Recommendation of Other Investment Advisers

Twin does not recommend or select other investment advisers for Clients.

Item 11 – Code of Ethics

11.A. Code of Ethics Document

Twin has adopted a Code of Ethics (the “Code”) pursuant to Advisers Act Rule 204A-1. A basic tenet of Twin’s Code is that the interests of Clients are always placed first. The Code includes standards of business conduct requiring covered persons to comply with the federal securities laws and the fiduciary duties an investment adviser owes to its Clients. The Code also requires that all covered persons comply with ethical standards relating to Clients and their accounts, including restrictions on gifts and provisions intended to prevent violations of laws prohibiting insider trading. You may obtain a copy of our Code of Ethics by contacting the firm at (212) 687-6850.

11.B. Recommendations of Securities and Material Financial Interests

As a matter of policy, Twin does not engage in principal transactions, cross trading or agency cross transactions. Any exceptions to this policy must be approved by Twin’s CCO and will be in compliance with applicable regulations. A copy of Twin’s Code is available to any Client or prospective Client upon request.

11.C. Personal Trading

Twin’s Code ensures that personal investing activities by Twin’s employees are consistent with Twin’s fiduciary duty to its Clients.

In order to avoid potential conflicts that could be created by personal trading among Twin’s employees, the Code restricts the purchase and sale by employees for their own accounts of any security on the same day the same security is transacted in Client accounts. All employees are required to notify the CCO or his designee in order to pre-clear personal securities transactions in IPOs and limited offerings.

All employees are required to, at a minimum, submit quarterly personal securities transactions and annual holdings reports for review by the CCO, who will, in turn, review these reports for trading conflicts with Client accounts. Employees are also required to provide electronic access or have copies of all brokerage statements sent to the CCO, directly from the custodian(s), on, at least, a quarterly basis. The CCO will maintain documentation of personal securities transactions, including any violations that occur and their resulting actions.

11.D. Timing of Personal Trading

As stated above, since Twin employees may invest in the same securities (or related securities, e.g., warrants, options or futures) that Twin recommends to Clients, no employee may buy or sell a security on the same day Twin transacts in the same security for a Client. The price paid or received by a Client account for any security should not be affected by a buying or selling interest on the part of an employee, or otherwise result in an inappropriate advantage to the employee.

Twin buys and sells the same securities for its Clients, including the Private Funds, the majority investor of which is the principal owner of Twin. All securities purchased and sold on the same trading day are allocated among all eligible Client accounts when appropriate. The Private Funds will not receive a more advantageous price than any other Client account for a particular security purchased or sold on the same trading day. However, accounts that deposit or withdraw funds intraday may receive a different price, depending upon the time of day the funds were received or requested to be withdrawn and whether trading has already occurred that day. Clients invested in a sub-set of the strategy will only participate alongside other clients when appropriate. Additionally, on occasion Twin allocates an investment opportunity solely to a proprietary account. Twin will maintain documentation supporting the allocation rationale and the reasons why other Client accounts did not participate in the allocation.

Item 12 – Brokerage Practices

12.A. Selection of Broker/Dealers

Twin's objective in selecting brokers and dealers and in effecting portfolio transactions is to seek to obtain the "best execution" with respect to its accounts' portfolio transactions. The best net price, giving effect to brokerage commissions, spreads and other costs, is normally an important factor in this decision, but a number of other judgmental factors are considered as they are deemed relevant. In applying these factors, Twin recognizes that different broker-dealers may have different execution capabilities with respect to different types of securities. The factors include, but are not limited to:

- Twin's knowledge of negotiated commission rates and spreads currently available;
- the nature of the security being traded;
- the size and type of the transaction;
- the nature and character of the markets for the security to be purchased or sold;
- the desired timing of the trade and speed of execution;
- the activity existing and expected in the market for the particular security;
- the broker-dealer's access to primary markets and quotation sources;
- the ability of the broker dealer to effect transactions when a large block of securities is involved or where liquidity is limited;
- confidentiality;
- the execution, clearance and settlement capabilities and history as well as the reputation and perceived soundness of the broker-dealer selected and others which are considered;
- Twin's knowledge of actual or apparent operational problems of any broker-dealer;
- the broker-dealer's execution services rendered on a continuing basis and in other transactions;
- the broker-dealer's access to underwriting offerings and secondary markets;
- the broker-dealer's reliability in executing trades, keeping records and accounting for and correcting trade errors;
- the broker-dealer's ability to accommodate Twin's needs with respect to one or more trades including willingness and ability to maintain quality execution in unusual or volatile market conditions and to commit capital by taking positions in order to complete trades;
- the quality of communication links between Twin and the broker-dealer; and
- the reasonableness of spreads or commissions.

Research and Other Soft Dollar Benefits

Twin may receive research from certain broker-dealers in connection with Client securities transactions also known as a "soft dollar" arrangement. Twin limits the use of "soft dollars" to obtain research and brokerage services as permitted under the safe harbor of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)"). Such research services

within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade/industry journals; certain software used for security/portfolio analysis; rating services; and data services (including services providing market data, company financial data and economic data). Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental to those transactions; order routing and transmission software for use with the broker-dealer; trading analytics software; clearance and settlement in connection with a trade; electronic communication of allocation instructions; and electronic or trade confirmations.

As part of its trading practices review, Twin's CCO will periodically review and evaluate its soft dollar practices to determine whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable.

As part of these soft dollar arrangements, Twin may cause Clients to pay commissions higher than those charged by other broker-dealers in return for certain soft dollar benefits, resulting in higher transaction costs for Clients. This could create a conflict of interest and creates an incentive for Twin to select a broker-dealer based on its interest in receiving those products and services. In order to mitigate the conflicts of interest inherent in its brokerage practices:

- Twin limits the use of "soft dollars" to those products and services that are covered under the safe harbor of Section 28(e);
- Twin's brokerage policies are disclosed to Clients prior to the provision of Twin's services, generally as part of the investment advisory agreement or the private offering memorandum; and
- Twin maintains policies and procedures designed to seek "best execution" on behalf of Clients and govern the use of soft dollars.

During the last fiscal year, as a result of Client brokerage commissions (or markups or mark downs), Twin and/or its related persons acquired research related products or services such as Bloomberg, Deal Reporter, Market Data Quotes, and Edgar Online.

Brokerage for Client Referrals

Twin does not typically maintain any referral arrangement with broker/dealers; however Twin may receive client referrals from Morgan Stanley and Goldman Sachs as a result of the prime brokerage services provided to the Private Funds.

Directed Brokerage

While Twin generally selects broker-dealers for SMCs, in limited instances Twin may accept direction from Clients as to which broker-dealer is to be used. If the Client directs the use of a particular broker-dealer, Twin asks that the Client also specify in writing (i) general types of securities for which a designated firm should be used and (ii) whether the designated firm should be used for all transactions, even though Twin might be able to obtain a more favorable net price and execution from another broker-dealer in particular transactions. Clients, who, in whole or in part, direct Twin to use a particular broker-dealer to execute transactions for their accounts should be aware that, in so doing, they may adversely affect Twin's ability to, among other things, obtain volume discounts on bunched orders or to obtain best execution by, for example, executing over-the-counter stock transactions with the market makers for such securities.

Additionally, as noted above, transactions for a Client that directs brokerage are generally unable to be combined or “bunched” for execution purposes with orders for the same securities for other accounts managed by Twin. Accordingly, directed transactions may be subject to price movements, particularly in volatile markets, that may result in the Client receiving a price that is less favorable than the price obtained for the bunched order. Under these circumstances, the direction by a Client of a particular broker or dealer to execute transactions may result in higher commissions, greater spreads, or less favorable net prices than might be the case if Twin could negotiate commission rates or spreads freely, or select brokers or dealers based on best execution. Consequently, best execution may not be achieved.

12.B. Aggregation of Orders

In making investment decisions for Client accounts, securities considered for investment by one account will likely be appropriate for another account managed by Twin. When the purchase or sale of a security is deemed to be in the best interest of more than one account, Twin will, but is not obligated to, aggregate or “batch” orders for the purchase or sale of securities for all such accounts to the extent consistent with best execution and the terms of the relevant investment advisory agreements. Such combined or “batched” trades may be used to facilitate best execution, including negotiating more favorable prices, obtaining more timely or equitable execution or reducing overall commission charges.

Twin will combine orders for the purchase and sale of securities on behalf of investment advisory Clients, including the SMCs and the Private Funds in which Twin or its associated persons might have an interest, so long as Twin:

- Fully discloses aggregation policies to all Clients;
- Does not favor any advisory account over any other managed account;
- Gives individual investment advice to each account;
- Gives each participating account the average sales price for each trading day; and
- Combines trades only if consistent with duty to seek best execution and with the terms of the relevant Clients' investment advisory agreements.

In certain circumstances, Twin may determine that aggregating transactions for certain types of securities is not in the best interest of its Clients.

Twin will include proprietary accounts (including the Private Funds in which Twin or its affiliates may have significant ownership interest) in such aggregate trades subject to its duty of seeking best execution and to its Code of Ethics.

Item 13 – Review of Accounts

13.A. Frequency and Nature of Review

David J. Simon and Michael Horgan are Co-Chief Investment Officers who are responsible and have ultimate authority for all trading and investment decisions made for the Client portfolios. At least monthly, Client accounts are reviewed to ensure compliance with Client objectives and restrictions and to evaluate portfolios with regard to stated investment strategies and current market conditions.

13.B. Factors That May Trigger An Account Review Outside of Regular Review

Generally, Client accounts are reviewed as needed depending on factors such as cash flows, changes in Client objectives or restrictions or changing market conditions.

13.C. Content and Frequency of Reports

Private Fund Investors receive monthly statements from their respective administrators. Twin or one of its service providers generally will furnish each Private Fund Investor with the following written reports:

- Monthly Letters are provided to Investors on or about the 5th business day of the following month. Unaudited mid-month and month-end performance estimates are also made available (upon request).
- Monthly capital account statements that include the unaudited net asset value or capital account balance of the investor's interest in the Private Fund and the monthly year-to-date performance, as applicable.
- Annual audited financial statements of the Private Funds.

A portfolio manager will meet with SMCs when requested or at other times as may be mutually agreed upon by Twin and the Client. Such meetings may be conducted in person or via teleconference. Twin generally will furnish each SMC with the following written reports:

- Monthly Letters are provided to Clients on or about the 5th business day of the following month.
- Mid-month and month-end performance estimates are also made available (upon request).

Item 14 – Client Referrals and Other Compensation

Twin may at times have referral arrangements with an entity that is compensated for referral of Clients in compliance with Rule 206 (4)-3 under the Investment Adviser's Act of 1940. This presents a potential conflict of interest since solicitors have an incentive to recommend Twin because they are being compensated by Twin. To mitigate this risk when these arrangements are in place, fee sharing arrangements will be disclosed to the Client, and Twin's fee will remain the same regardless of whether a fee is paid.

Item 15 – Custody

Clients will receive account statements from a broker-dealer, bank or other qualified custodian and Clients should carefully review those statements. Twin has custody of Private Fund assets according to Advisers Act Rule 206(4)-2 (“Custody Rule”) because an affiliate serves as General Partner to the Private Funds. However, Private Fund assets and securities are held at independent, qualified custodians. Twin has entered into a written agreement with an independent public accountant to audit the Private Funds’ financial statements annually. Twin provides the audited financial statements to the Fund’s investors within 120 days following the Fund’s fiscal year end. Twin does not have custody of SMC assets.

Item 16 – Investment Discretion

Twin provides investment advisory services on a discretionary basis to Clients. Twin is authorized to make the following determinations (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guideline):

- Which securities to buy or sell.
- The total amount of securities to buy or sell.
- The broker or dealer through whom securities are bought or sold.
- The commission rates at which securities transactions for Client accounts are affected.
- The prices at which securities are to be bought or sold, which may include dealer spreads or mark-ups and transaction costs.

Because of the differences in Client investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among Clients in invested positions and securities held. The Adviser determines the allocation of securities to (or from) Client accounts for each trade/order submitted. The Adviser may consider the following factors, among others, in allocating securities among Clients: (i) Client investment objectives and strategies; (ii) Client risk profiles; (iii) tax status and restrictions placed on a Client's portfolio by the Client or by applicable law; (iv) size of the Client account; (v) nature and liquidity of the security to be allocated; (vi) size of available position; (vii) current market conditions; and (viii) account liquidity, account requirements for liquidity and timing of cash flows. These factors may lead the Adviser to allocate securities to Client accounts in varying amounts. Even Client accounts that are typically managed on a *pari passu* basis may from time to time receive differing allocations of securities based on total assets of each account eligible to invest in the particular investment type (e.g., equities) divided by the total assets of all accounts eligible to invest in the particular investment.

Twin assumes discretion over Client accounts upon execution of the advisory agreement, investment management agreement or other agreement with the Client that sets forth the scope of the Adviser's discretion.

If it appears that a trade error has occurred, the Adviser will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors and breaches of investment guidelines and restrictions occur, the Adviser's error correction procedure is to use its best efforts to break or otherwise correct the trade. The Adviser will use its best efforts to assure that orders are entered correctly; however, to the extent that an error occurs, it is to be (i) corrected as soon as practical; and (ii) reported to the CCO. In general, if the trade error results in losses, such losses will be reimbursed to

the Client. The Adviser has discretion to resolve a particular error in any appropriate manner that is consistent with the above stated policy.

Item 17 – Voting Client Securities

When a Client delegates proxy voting authority to Twin, Twin is responsible for voting Client proxies and has developed written policies and procedures governing its activities in this area. The policy provides that Twin will act in the best interests of its Clients for whom it has voting authority in determining whether and how to vote on any proxy voting matter. In addition, Twin maintains a record of proxy votes cast on behalf of Clients.

In general, Twin votes all proxies unless directed to do otherwise by the Client. There may be unusual circumstances where the proxy could have what Twin considers a material impact on Client accounts. If so, Twin may determine that it is the Clients' best interests to participate in the proxy vote for all accounts. Twin will determine on a case-by-case basis whether to vote proxies unless directed to do otherwise by the Client. If the Adviser determines that it is in its Clients' best interests to abstain from voting a proxy, it will document and maintain its rationale.

Circumstances may arise wherein Twin may have a conflict of interest in voting proxies on behalf of its Clients. Twin informs its affiliates and employees that they are under an obligation to be aware of potential conflicts of interest (both as a result the Employee's personal relationships and Twin's business), and that such conflicts of interest should be brought to the attention of the CCO. Votes shall be cast in the best interests of Twin's Clients, regardless of the effect of any such vote on Twin.

Twin shall make its proxy voting policy and information about how the Adviser voted a Client's proxies available to its Clients and investors upon request by contacting Daren Taubenfeld at dtaubenfeld@twincap.com or calling (212) 687-6850.

In addition, from time to time Twin may participate in class actions on behalf of its Clients. When so doing, Twin will determine if it is in the best interest of its Clients to recover monies from a class action. In the event Twin opts out of a class action settlement, it will maintain documentation of any cost/benefit analysis to support its decision.

Item 18 – Financial Information

This item is not applicable.

