

Islet Management, LP

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This “**Brochure**” provides information about the qualifications and business practices of Islet Management, LP. If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer (“**CCO**”), Rebecca Waldman, by email at Rebecca.Waldman@Isletcap.com. Information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

Islet Management, LP is a Registered Investment Adviser with the SEC. Registration as an Investment Adviser does not imply that Islet Management, LP or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

Additional information about Islet Management, LP is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

Islet Management, LP last filed an update to its Brochure on March 31, 2021. Since that last filing, Islet appointed Rebecca Waldman as the new Chief Compliance Officer, replacing Pranav Desai effective July 1, 2021. Pranav Desai remains at Islet in the roles of Chief Financial Officer and Chief Operating Officer.

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Item 4: Advisory Business

Islet Management, LP is a Delaware limited partnership (hereinafter “**Islet**”, “**we**”, “**us**”, “**our**”, the “**Firm**”, the “**Partnership**”, or the “**Investment Manager**”) founded in 2017. Islet serves as the investment adviser, with discretionary trading authority to the following private pooled vehicles: Islet Onshore Fund, LP, a Delaware Limited Partnership (the “**Onshore Fund**”); Islet Offshore Fund, Ltd., a Cayman Islands exempted company (the “**Offshore Fund**”); Islet Master Fund, L.P., a Cayman Islands exempted limited partnership (the “**Master Fund**”). Islet GP, LLC, a Delaware limited liability company (the “**General Partner**”), serves as the general partner of the Master Fund and Onshore Fund. Joseph Samuels is the principal owner of Islet.

The Onshore Fund’s “**Limited Partners**” and the Offshore Fund’s “**Shareholders**” are hereafter collectively referred to as the “**Investors**” where appropriate. We do not tailor our advisory services to the individual needs of any particular Investor.

*This Brochure does not constitute an offer to sell or a solicitation of an offer to buy any securities. The Funds’ securities are offered and sold on a private placement basis under exemptions promulgated under the “**Securities Act**” of 1933 and other applicable state, federal or non-U.S. laws. Significant suitability requirements apply to prospective investors in the Funds, including requirements that they be “accredited investors” as defined in Securities Act and “qualified purchasers” as defined in the Investment Company Act of 1940. Persons reviewing this Brochure should not construe this as an offer to sell or a 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.*

We will serve as the investment adviser, with discretionary trading authority, to private pooled investment vehicles, the securities of which are offered to investors on a private placement basis (each, a “Fund” and collectively, the “Funds”).

In addition, the Investment Adviser serves as an investment adviser with discretionary trading authority over separately managed accounts (the “Managed Accounts”). Managed Accounts, Funds, Investors may be referred to as Clients throughout this document.

Our investment decisions and advice with respect to each Fund and Managed Account are subject to each Fund’s and Managed Account’s investment objectives and guidelines, as set forth in its respective offering documents and investment management agreements.

We do not currently participate in any Wrap Fee Programs.

The Firm has regulatory assets under management of approximately \$1,367,089,822 as of December 31, 2020.

Item 5: Fees and Compensation

The fees applicable to each Fund and potential Managed Account are set forth in detail in each Fund's offering documents and investment management agreement. A brief summary of such Fund fees is provided below. As described below, the Investment Manager may enter into different fee arrangements for the Management Fee and the Performance Allocation Fee on a client-by-client basis. Management Fees and Performance Fees are deducted by the Investment Manager from the Fund. These fees are not automatically deducted from the Managed Accounts. The Investment Manager bills the Managed Accounts for the applicable fees incurred.

Management Fee

Clients pay the Investment Manager a management fee ("Management Fee") computed individually for each Client or Investor. The Management Fee will be payable monthly or quarterly in arrears. Management Fees paid in arrears will generally not be pro-rated for any period that is less than a full month. The Investment Manager may agree to waive, reduce or calculate differently all or any portion of the Management Fee otherwise due to the Investment Manager with respect to any Client's investment.

Management Fees will range between 1% per annum and 2% per annum.

Performance Allocation Fee

Clients will allocate or pay a performance fee to the Investment Manager or General Partner of the Funds based on the amount of gains achieved by the Funds or Managed Accounts annually, if any. Such performance-based compensation is specified in the Fund's offering documents or the relevant investment management agreement for Managed Accounts.

Such performance-compensation is calculated after the deduction of management fees and allowable Fund or Managed Account expenses from the annual gains, if any, achieved by the Fund or Managed Account.

Performance-based compensation is subject to recovery of any loss carryforward, at the end of each fiscal year of the Funds or Managed Accounts or upon the withdrawal of capital by a Client (if the date of withdrawal is not the end of a fiscal year). No performance-based compensation will be paid until new realized and unrealized appreciation for each Client's account exceeds net depreciation and may only be earned on the amount in excess of the depreciation for the relevant period. Performance-based compensation will range generally from 17.5%-25% of net appreciation, if any.

The Investment Manager/General Partner may, in its sole and absolute discretion, agree to reduce, waive or calculate differently the performance-based compensation with respect to any Investor in the Funds or Managed Accounts, without notice to or the consent of the other Investors. There is no obligation to return the Investors any performance-based compensation previously made, notwithstanding a loss by the Fund in a subsequent fiscal year.

Additional Fees and Expenses

In addition to paying management fees and performance-based compensation, each Client bears expenses incidental to the Fund's organization and ongoing operation. As more particularly set forth or described in the offering documents, organizational documents,

investment management agreement of a particular Client. Examples of these, without limitation, could include investment related fees and expenses incurred in connection with the evaluation, acquisition or disposition of investments and fees and expenses of any external consultants and administrators. The Clients may also incur brokerage fees and other transaction costs. Please see the disclosures in *Item 12* as it relates to Islet's brokerage activities. A complete list of fees and expenses a Client could be responsible for would be listed in the Client's respective offering documents or investment management agreement.

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

The Investment Manager and affiliates accept performance-based compensation from every Client. As a result, we and our affiliates do 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. The specific structure and calculation of the performance-based fee are described in detail in each respective offering documents. These payments are subject to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3, which requires that performance-based fees only be charged to “qualified clients” (as such term is defined in Rule 205-3).

Item 7: Types of Clients

Our Clients are the Funds, and Managed Accounts as described above.

Investors in the Fund are required to complete and submit a subscription agreement binding them to the terms of the Fund's governing documents. The Investment Manager only admits "accredited investors", as defined in Rule 501(a) of Regulation D under the Securities Act and "qualified clients" as defined in Rule 205-3 of the Advisers Act. The minimum investment in the Fund is \$5,000,000, although Islet's affiliated General Partner may accept investments in a lesser amount at its sole discretion.

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

The general descriptions set forth in this Brochure of advisory services offered to clients (including the Funds and Managed Accounts), investment strategies pursued, and investments made by us on behalf of our clients should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each client's investment objectives and guidelines. The investment strategies we pursue 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.

Investment Objective

The investment objective of the Investment Manager is to produce positive risk-adjusted returns through tactical trading and capital markets investing. The investment process was developed and deployed by Joseph Samuels. The Investment Manager may use leverage in its investment program.

Material Risk Factors

General Economic and Market Conditions. General economic and capital and credit market conditions may have a significant impact on the ability of the Investment Manager to achieve its objective. Interest rates, fluctuations in the price of assets and increased competition may adversely affect the value of investments held and the ability to make or dispose of investments at attractive prices. A slowdown in the global economy or in specific regional economies, inflation, deflation, and other economic factors may have a material adverse effect on investment performance and profitability. Industries in which the Investment Manager may invest may face intense competition, changing business and economic conditions and other developments that may have a material adverse effect on their performance and, consequently, the investment performance.

Investments in Mispriced Securities. One of the primary objectives of the Investment Manager is to invest in mispriced securities. The identification of investment opportunities in mispriced securities is a difficult task, and there can be no assurance that such investment opportunities will be successfully recognized or acquired. While investments in mispriced 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 investments may not adequately compensate for the business and financial risks assumed. A prospective investor should be aware that it may lose all or part of its investment because securities may be sold, at a substantial loss, and may not have achieved projected value. In addition, the Investment Manager may be required to hold such securities for a substantial period of time before realizing their anticipated value. During this period, a portion of the Client's funds would be committed to the securities purchased or borrowed, thus possibly preventing Investment in other opportunities.

Micro- and Small-Capitalization Companies. The Partnership may invest in micro- or small-cap companies. While smaller companies generally have potential for rapid growth, they often involve higher risks because they lack the management experience, financial resources, product diversification, and competitive strengths of larger corporations. These factors make smaller companies far more likely than their larger counterparts to experience significant operating and financial setbacks that threaten their short-term and long-term viability. In

addition, in many instances, the frequency and volume of their trading is substantially less than is typical of larger companies. As a result, the securities of smaller companies may be subject to wider price fluctuations, and exiting investments in such securities at appropriate prices may be difficult, subject to substantial delay, or impossible. When making large sales, the Investment Manager may have to sell portfolio holdings at discounts from quoted prices or may have to make a series of small sales over an extended period of time due to the trading volume of smaller company securities.

Mid-Capitalization Companies. The Investment Manager may invest in securities of mid-cap issuers. While, in the Investment Manager's opinion, the securities of a mid-cap issuer may offer the potential for greater capital appreciation than investments in securities of large-cap issuers, securities of mid-cap issuers may also present greater risks. For example, mid-cap issuers often have limited product lines, markets, or financial resources. They may have no or only a limited history of profitable operation and may be subject to high volatility in revenues, expenses and earnings. They may be dependent for management on one or a few key persons, and can be more susceptible to losses and risks of bankruptcy. Their securities may be thinly traded (and therefore have to be sold at a discount from current market prices or sold in small lots over an extended period of time), may be followed by fewer investment research analysts and may be subject to wider price swings and thus may create a greater chance of loss than when investing in securities of larger-cap issuers. In addition, mid-cap issuers may not be well-known to the investment public and may have only limited institutional ownership. The market prices of securities of mid-cap issuers generally are more sensitive to changes in earnings expectations, to corporate developments and to market rumors than are the market prices of large-capitalization issuers. Transaction costs in securities of mid-cap issuers may be higher than in those of large-capitalization issuers.

Investments in Publicly-Traded Securities. The Investment Manager will primarily invest in securities that are publicly traded and are therefore subject to the risks inherent in investing in public securities. When investing in public securities, the Investment Manager may be unable to obtain financial covenants or other contractual rights, including management rights, that it might otherwise be able to obtain in making privately negotiated investments. Moreover, the Investment Manager may not have the same access to information in connection with investments in public securities, either when investigating a potential investment or after making an investment, as compared to privately negotiated investments.

Use of Leverage. The Investment Manager expects to employ leverage. The amount of leverage that may be employed at a given time will be determined by the Investment Manager consistent with the Fund's or Managed Accounts investment policies and investment restrictions, market conditions and other factors. Leverage increases returns to investors if a greater return on leveraged investments is earned than the cost of such leverage. The use of leverage, however, exposes the investors to additional levels of risk including (i) greater losses from investments than would otherwise have been the case had leverage not been used, (ii) margin calls or changes in margin requirements may force premature liquidations of investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the cost of leverage related to such investments. In cases of a sudden, precipitous drop in value of leveraged investments, the Investment Manager might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying the losses incurred by investors.

Uncertainty of Financial Projections and Projected Returns. The Investment Manager may determine the suitability of investments based in part on the basis of financial projections for investment opportunities. Projections, forecasts and estimates are only estimates of future

results that are based upon assumptions made at the time that the projections are developed and the information available at that time. Events or conditions, including changes in general market conditions, that may not have been anticipated or that are otherwise not foreseeable, may occur and have a significant impact on the actual rate of return received with respect to investments. Accordingly, actual results may vary significantly from the financial projections and expected returns.

Non-Controlling Investments. The Investment Manager will generally have a limited ability to protect its position in the companies in which it invests. In such cases, the Investment Manager will be significantly reliant on the existing management and board of directors of such companies, which may include representation of other investors with whom the Investment Manager is not affiliated and whose interests may conflict with the Investment Manager's interests. In addition, the Investment Manager may hold investments in debt instruments or other investments that do not have voting rights and, therefore, the Investment Manager may have a limited ability to protect such investments.

Material, Non-Public Information. As a result of investments made by the Investment Manager, the employees of the Investment Manager may acquire confidential or material non-public information and therefore be restricted by applicable securities laws from initiating transactions in certain securities, or otherwise acting upon any such information.

Risks Relating to Due Diligence of and Conduct at Companies. Before making investments, the Investment Manager will typically conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment. Such involvement of third-party advisors or consultants may present a number of risks primarily relating to the Investment Manager's reduced control of the functions that are outsourced. In addition, if the Investment Manager is unable to timely engage third-party providers, its ability to evaluate and participate in more complex situations could be adversely affected. When conducting due diligence and making an assessment regarding an investment, the Investment Manager will rely on the resources available to it, including information provided by the issuer of the investment and, in some circumstances, third-party investigations. The due diligence investigation that the Investment Manager carries out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful. There can be no assurance that attempts to provide downside protection with respect to investments will achieve their desired effect and potential investors should regard an investment in the Investment Manager as being speculative and having a high degree of risk.

There can be no assurance that the Investment Manager will be able to detect or prevent irregular accounting, employee misconduct or other fraudulent practices during the due diligence phase or during its efforts to monitor the investment on an ongoing basis. In the event of fraud by any company or any of its affiliates, the investors may suffer a partial or total loss of capital invested in that company. An additional concern is the possibility of material misrepresentation or omission on the part of the company. Such inaccuracy or incompleteness may adversely affect the value of securities and/or instruments in such company.

Investments in Less Established Companies; Risk of Fraud in Companies. The Investment Manager may invest in the securities of less established companies. Investments in such early-stage companies may involve greater risks than are generally associated with investments in more established companies. To the extent there is any public market for the securities held by the Partnership, such securities may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Less established companies tend to have lower capitalizations and fewer resources, and therefore, are often more vulnerable to financial failure. Such companies also may have shorter operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow. In addition, less mature companies could be deemed to be more susceptible to irregular accounting or other fraudulent practices. In the event of fraud by any company in which the Investment Manager invests, could be partial or total loss of capital invested in that company. There can be no assurance that any such losses will be offset by gains (if any) realized on other investments.

Investments in Initial Public Offerings. The Investment Manager may purchase securities of companies in initial public offerings of any equity security ("new issues") or shortly thereafter. Special risks associated with these securities may include a limited number of interests available for trading, unseasoned trading, lack of investor knowledge of the company, and a limited operating history. These factors may contribute to substantial price volatility for the interests of these companies and, thus, the investor's interests. The limited number of interests available for trading in some initial public offerings may make it more difficult for the Investment Manager to buy or sell significant amounts of interests without an unfavorable impact on prevailing market prices. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them.

Concentration Risk. The Investment Manager may at times have a relatively concentrated portfolio of approximately 60-70% of its NAV in 10-30 companies. In addition, the Investment Manager's portfolios may be overweight, underweight or have no exposure to a specific sector or industry and may take concentrated positions which could lead to increased volatility. As a result, an adverse development impacting any one position, sector or industry in which the Investment Manager holds investments may have a material adverse effect on investment results.

Equity Securities Generally. The Investment Manager expects to invest in equity securities and equity derivatives. The value of these financial instruments generally will vary with the performance of the issuer and movements in the equity markets. As a result, the Partnership may suffer losses if it invests in equity instruments of issuers whose performance diverges from the Investment Manager's expectations or if equity markets generally move in a single direction and the Investment Manager has not hedged against such a general move. The Investment Manager also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

Debt Securities Generally. The Investment Manager may invest in private, public and government debt. The Investment Manager may invest in debt instruments that are unrated, and whether or not rated, the debt instruments may have speculative characteristics. The issuers of such instruments (including sovereign issuers) may face significant ongoing

uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal. Such instruments are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions.

Illiquid Investments. The Investment Manager may from time to time invest in restricted, as well as thinly traded, instruments and securities (including privately placed securities and instruments). There may be no trading market for these securities and instruments, and the Investment Manager might only be able to liquidate these positions, if at all, at disadvantageous prices. As a result, the Investment Manager may be required to hold such securities despite adverse price movements. Despite good faith efforts at fair valuation, the valuation of these positions may prove to be materially inaccurate and to have resulted in inflated Management Fees paid to the Investment Manager (and Performance Allocations to the General Partner), inflated withdrawal proceeds paid out to withdrawing Limited Partners and diminished relative holdings accorded to new subscribers.

Special Situations. The Investment Manager may invest in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction 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 to the Investment Manager of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Partnership may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the Partnership may invest, there is a potential risk of loss by the Investment Manager of its entire investment in such companies. In connection with such transactions (or otherwise), the Investment Manager may purchase securities 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 of a merger, reorganization or debt restructuring. The purchase price or interest rate receivable with respect to a when-issued security can be fixed when the Investment Manager enters into the commitment. Such securities are subject to changes in market value prior to their delivery.

Arbitrage/Correlation Risk. The Investment Manager may engage in various types of arbitrage strategies. Arbitrage involves the purchase of an asset and the concurrent sale of that asset in a different market, or the sale of a related asset, in order to capture small price discrepancies between markets or related assets. Arbitrage strategies involving related assets carry the risk that the value of the related assets will not track or affect each other in the manner anticipated by the Investment Manager. Arbitrage strategies generally assume the price of related assets will converge to some historic or quantitative relationship, and that price discrepancies from this relationship will disappear. In the event the price discrepancies do not disappear or if the price discrepancies increase, the underlying fund could lose money on an arbitrage trade. In addition, it is possible that some of the Investment Manager's arbitrage strategies may result in high portfolio turnover and, consequently, greater transaction costs. Depending upon the investment strategies employed and market conditions, an underlying fund may be adversely affected by unforeseen events involving such matters as changes in interest rates or the credit status of an issuer, forced withdrawals of securities or acquisition proposals, break-up of planned mergers, unexpected changes in

relative value, short squeezes or changes in tax treatment. Arbitrage strategies include both relative value and event driven strategies, such as merger arbitrage.

Investments in Healthcare. The Investment Manager may make investments in the healthcare industry. The healthcare industry has experienced, and may continue to experience, unprecedented change, due to a variety of factors, including, without limitation, (i) increased competition within the healthcare industry; (ii) changes in legislation or government regulations, including uncertainty regarding health care reform and how it will be implemented; (iii) reductions in government funding or price controls imposed by a government; (iv) government approval of products and services; (v) product liability or other litigation; and (vi) the obsolescence of popular products. Additionally, healthcare companies at numerous times have been especially subject to macroeconomic and other exogenous factors affecting their valuation. Many of these factors are, and will be, beyond the control of the Investment Manager and the Investment Manager. Any one or combination of these and other similar factors may result in a material adverse effect on the Investment Manager's investment performance.

Investments in Energy Related Assets. The Investment Manager may acquire interests in certain energy related assets. Energy-related industries are inherently uncertain, volatile, very complex and multi-faceted, and require esoteric knowledge. Due to the depleting nature of most sources of energy and the finite lifespan of equipment used to extract, transport, and process energy, energy-related industries consistently require new capital. Energy-related assets are sensitive to fluctuations in global and regional economic growth, fuel supply and demand, interest rates, currency exchange rates, investment and trading activities in commodities markets, special risks of constructing and operating facilities, lack of control over pricing, merger and acquisition activity and regulation. Not all risks can presently be foreseen or quantified. Examples of such risks may include, without limitation: (i) the risk that technology employed in an energy project will not be effective or efficient; (ii) uncertainty about the availability or efficacy of energy sales agreements or fuel supply agreements that may be entered into in connection with a project; (iii) risks that regulations affecting the energy industry will change in a manner detrimental to the industry (e.g., pollution control regulation); (iv) environmental liability risks related to energy properties and projects; (v) risks of equipment failures, fuel interruptions, loss of sale and supply contracts or fuel contracts, decreases or escalations in power contract or fuel contract prices, bankruptcy of key customers or suppliers, labor disputes, tort liabilities in excess of insurance coverage, inability to obtain desirable amounts of insurance at economic rates, acts of God and other catastrophes; (vi) uncertainty about the extent, quality and availability of oil and gas reserves; (vii) risks that interest rate increases may make project financing more difficult to obtain, or impair the cash flow of projects that are leveraged; (viii) political, social and economic uncertainties affecting energy producing regions and countries; (ix) weather conditions; (x) changes in the competitive position of any particular source of energy as compared with other energy sources; (xi) the refining capacity of oil purchasers; (xii) the risk of change in tax or royalty policy; (xiii) global or regional political, economic or financial events; (xiv) the extent of domestic production and importation of oil in certain relevant markets; and (xv) the level of consumer demand. The occurrence of events related to the foregoing could have a material adverse effect on the Investment Manager and its investments. In addition, estimates of hydrocarbon reserves by qualified engineers are often a key factor in valuing certain energy assets. These estimates are subject to wide variances based on changes in commodity prices and certain technical assumptions. Accordingly, it is possible for such reserve estimates to be significantly revised from time to time, creating significant changes in the value of the company owning such reserves. The energy industry is subject to comprehensive U.S. federal, state and local laws and regulations including environmental, health and safety, taxation, land

access and other regulations. Present, as well as future, statutes and regulations could cause additional expenditures, restrictions and delays that could materially and adversely affect the prospects of the Investment Manager.

Investments in the Media and Telecommunications Industry. The Investment Manager may make investments in media and telecommunications companies. Media and telecommunications companies in the United States, Europe and other developed and emerging countries are undergoing significant changes mainly due to evolving levels of governmental regulation or deregulation as well as the rapid development of media and communication technologies. Competitive pressures within the media and telecommunications industry are intense, and the securities of media and telecommunications companies may be subject to significant price volatility. In addition, because the media and telecommunications industry is subject to rapid and significant changes in technology, the companies in this industry that the Investment Manager may invest in will face competition from technologies being developed or to be developed in the future by other entities, which may make such companies' products and services obsolete.

Investments in the Industrials Industry. Industrial industries can be significantly affected by general economic trends, including employment, economic growth, and interest rates, change in consumer sentiment and spending commodity prices, legislation, government regulation and spending, import controls, and worldwide competition, and can be subject to liability for environmental damage, depletion of resources, and mandated expenditures for safety and pollution control. For example, commodity price declines and unit volume reductions resulting from an over-supply of materials used in industrials industries can adversely affect those industries. Furthermore, a company in the industrials industries can be subject to liability for environmental damage, depletion of resources, and mandated expenditures for safety and pollution control.

Industrial products, services and equipment, such as capital goods, construction services, machinery, commercial services, and transportation, are generally considered to be sensitive to the business cycle.

These companies may include, for example, manufacturers of civil or military aerospace and defense equipment, building components, and home improvement products and equipment; civil engineering companies and large-scale contractors; companies that produce electrical components or equipment; manufacturers of industrial machinery and industrial components and products; providers of commercial printing services and electronic data processing services; companies providing business support services and office supplies, environmental and facilities maintenance; companies providing transportation services; and airport, road, rail tracks and marine port owners and providers of related services.

Investments in the Consumer Goods Industry. The success of the consumer goods industry is tied closely to the performance of the domestic and international economy, interest rates, exchange rates, competition, consumer confidence and consumer disposable income. The consumer goods industry may be strongly affected by trends, marketing campaigns and other factors affecting consumer demand. Governmental regulation affecting the use of various food additives may affect the profitability of certain companies in the consumer goods industry. Moreover, international events may affect food and beverage companies that derive a substantial portion of their net income from foreign countries. In addition, tobacco companies may be adversely affected by new laws, regulations and litigation. Many consumer goods may be marketed globally, and consumer goods companies may be affected by the demand and market conditions in other countries and regions. Companies in the consumer

goods industry may be subject to severe competition, which may also have an adverse impact on their profitability. Changes in demographics and consumer preferences may affect the success of consumer products.

Investments in the Financials Sector. Companies in the financials sector include regional and money center banks, securities brokerage firms, asset management companies, savings banks and thrift institutions, specialty finance companies (e.g., credit card, mortgage providers), insurance and insurance brokerage firms, financial conglomerates and foreign banking and financial companies. The global financial markets have experienced very difficult conditions and volatility as well as significant adverse trends. The conditions in these markets have resulted in a decrease in availability of corporate credit, capital and liquidity and have led indirectly to the insolvency, closure or acquisition of a number of financial institutions. These conditions have also contributed to consolidation within the financial industry. In addition, the global financial industry has been materially and adversely affected by a significant decline in the value of mortgage-backed and asset-backed securities, and by the sovereign debt crisis. The prospects of many financial companies are questionable and continue to evolve as financial companies revise their outlooks and write down assets that they hold.

Most financial companies are subject to extensive governmental regulation, which limits their activities and may affect their ability to earn a profit from a given line of business. Government regulation may change frequently and may have significant adverse consequences for companies in the financials sector, including effects not intended by the regulation. Direct governmental intervention in the operations of financial companies and financial markets may materially and adversely affect the companies in which the Investment Manager invests, including legislation in many countries that may increase government regulation, repatriation and other intervention. The impact of governmental intervention and legislative changes on any individual financial company or on the financials sector as a whole cannot be predicted. The valuation of financial companies has been and continues to be subject to unprecedented volatility and may be influenced by unpredictable factors, including interest rate risk and sovereign debt default. Certain financial businesses are subject to intense competitive pressures, including market share and price competition. Financial companies in foreign countries are subject to market specific and general regulatory and interest rate concerns. In particular, government regulation in certain foreign countries may include taxes and controls on interest rates, credit availability, minimum capital requirements, ban on short sales, prices and currency transfers.

The profitability of banks, savings and loan associations and financial companies is largely dependent on the availability and cost of capital funds and can fluctuate significantly when interest rates change; for instance, when interest rates go up, the value of securities issued by many types of companies in the financials sector generally goes down. In other words, financial companies may be adversely affected in certain market cycles, including, without limitation, during periods of rising interest rates, which may restrict the availability and increase the cost of capital, and during periods of declining economic conditions, which may cause, among other things, credit losses due to financial difficulties of borrowers.

In addition, general economic conditions are important to the operations of these companies, and financial difficulties of borrowers may have an adverse effect on the profitability of financial companies. Financial companies can be highly dependent upon access to capital markets and any impediments to such access, such as adverse overall economic conditions or a negative perception in the capital markets of a financial company's financial condition or prospects, could adversely affect its business. Deterioration of credit markets, as experienced in 2008 and 2009, can have an adverse impact on a broad range of financial markets, causing

certain financial companies to incur large losses. In these conditions, companies in the financials sector may experience significant declines in the valuation of their assets, take actions to raise capital and even cease operations. Some financial companies may also be required to accept or borrow significant amounts of capital from government sources and may face future government imposed restrictions on their businesses or increased government intervention. In addition, there is no guarantee that governments will provide any such relief in the future. These actions may cause the securities of many companies in the financials sector to decline in value.

Investments in Additional Industries and Sectors. The Investment Manager may pursue investment opportunities in additional industries and sectors not mentioned in these risk factors or elsewhere in this Memorandum. Such industries and sectors may be subject to their own specific risks.

Futures, Options, Swap Agreements and Commodities. To the extent consistent with the Investment Manager's reliance on the de minimis exemption from registration as a commodity pool operator pursuant to CFTC Rule 4.13(a)(3), the Investment Manager may invest in commodities, futures and options, and may enter into or use swap agreements, notional principal contracts, contracts for differences, forward contracts, repurchase and reverse repurchase agreements and other derivative financial instruments and techniques, in the United States and on commodity exchanges and markets located outside the United States where CFTC and other U.S. futures regulations do not apply. The prices of commodities contracts and derivative instruments, including futures and options, are highly volatile. Payments made pursuant to swap agreements and other derivative instruments also may be highly volatile. Price movements of commodities, futures and options contracts and payments pursuant to swap agreements and other derivative instruments 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 and policies. The value of futures, options, swap agreements and other derivative instruments also depends upon the price of the commodities underlying them. In addition, the Investment Manager also is subject to the risk of failure of any of the exchanges on which it trades, their clearinghouses or the clearing brokers through which the Investment Manager clears. In the case of commodity contracts traded on non-U.S. exchanges and certain derivative instruments, the Investment Manager will be subject to the risk of the inability of, or refusal by, the counterparty to perform.

The risks posed by such derivative instruments and techniques, which can be extremely complex and may involve significant leveraging of assets include: (1) credit risks (the exposure to the possibility of loss resulting from a counterparty's failure to meet its financial obligations); (2) market risk (adverse movements in the price of a financial asset or commodity); (3) legal risks (the characterization of a transaction or a party's legal capacity to enter into it could render the financial contract unenforceable, and the insolvency or bankruptcy of a counterparty could preempt otherwise enforceable contract rights); (4) tax risks (the risk that the transaction is not recognized as a derivative transaction for tax purposes, resulting in re-characterization of income and potentially resulting in additional tax liability); (5) operations risk (inadequate controls, deficient procedures, human error, system failure or fraud); (6) documentation risk (exposure to losses resulting from inadequate documentation); (7) liquidity risk (exposure to losses created by inability to prematurely terminate the derivative); (8) system risk (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); (9) concentration risk (exposure to losses from the concentration of closely related risks such as exposure to a particular industry or asset class or exposure linked to a particular entity);

and (10) settlement risk (the risk faced when one party to a transaction has performed its obligations under a contract but has not yet received value from its counterparty).

Use of derivatives and other techniques for hedging and other purposes involves certain additional risks, including (i) dependence on the ability to predict movements in the price of the securities hedged, (ii) imperfect correlation between movements in the securities on which the derivative is based and movements in the assets of the underlying portfolio, and (iii) possible impediments to effective portfolio management or the ability to meet short-term obligations because of the percentage of a portfolio's assets segregated to cover its obligations.

In addition, the derivatives market is subject to various risks related to new and impending regulation both within and outside the United States. Additional regulation of the derivatives markets may make derivatives costlier, may limit the availability of derivatives, or may otherwise adversely affect the value or performance of derivatives. Any such adverse future developments could impair the effectiveness of the Investment Manager's derivatives transactions and cause the Investment Manager to lose value. They may also render certain strategies in which the Investment Manager might otherwise engage impossible or so costly that they will no longer be economical to implement.

Furthermore, the Dodd-Frank Act includes a provision for the CFTC to establish position limits with respect to over-the-counter derivatives and exchange traded commodity interests. Additionally, certain exchanges, including non-U.S. exchanges, institute separate position limits with respect to particular contracts and participants. Such limits may restrict dealers' capacity to offer over-the-counter derivatives exposure to certain commodities for traders and may require aggregation of positions held by a single entity and its affiliates in certain situations that were not previously subject to aggregation, or require traders to file exemptive notices with the CFTC to disaggregate positions. In the event that such position limits were deemed to be exceeded with respect to the Investment Manager's investments (e.g., due to a failure to monitor such limits or due to such limits becoming more restrictive), the Investment Manager could suffer fines, be required to unwind a position, or otherwise incur additional costs or expenses in connection thereto. The Investment Manager's overall trading (including accounts in addition to the Investment Manager) may be aggregated for purposes of determining compliance with these limits, which may impact the Investment Manager's ability to establish or maintain certain positions.

Options. The Investment Manager may use a number of option strategies. Put options and call options typically have similar structural characteristics and operational mechanics regardless of the underlying instrument on which they are purchased or sold. A put option gives the purchaser of the option, upon payment of a premium, the right to sell, and the seller the obligation to buy, the underlying security, index, currency or other instrument at the exercise price. A call option, upon payment of a premium, gives the purchaser the option of the right to buy, and the seller the obligation to sell, the underlying instrument at the exercise price.

With certain exceptions, exchange listed options generally settle by physical delivery of the underlying security or currency, although in the future cash settlement may become available. Index options are cash settled for the net amount, if any, by which the option is "in the money" (i.e., where the value of the underlying instrument exceeds, in the case of a call option, or is less than, in the case of a put option, the exercise price of the option) at the time the option is exercised. Frequently, rather than taking or making delivery of the underlying instrument through the process of exercising the option, listed options are closed by entering into

offsetting purchase or sale transactions that do not result in ownership of the new option. The Investment Manager's ability to close out its position as a purchaser or seller of a listed put or call option is dependent, in part, upon the liquidity of the option market.

Over-the-counter ("OTC") options are purchased from or sold to securities dealers, financial institutions or other counterparties through direct bilateral agreement with the counterparty. In contrast to exchange listed options, which generally have standardized terms and performance mechanics, all the terms of an OTC option, including such terms as method of settlement, term, exercise price, premium, guarantee and security, are set by negotiation of the parties. Unless the parties provide for it, there is no central clearing or guaranty function in an OTC option. As a result, if the counterparty fails to make or take delivery of the security, currency or other instrument underlying an OTC option it has entered into with the Investment Manager or fails to make a cash settlement payment due in accordance with the terms of that option, the Investment Manager will lose any premium it paid for the option as well as any anticipated benefit of the transaction.

If a put or call option purchased by the Investment Manager were permitted to expire without being sold or exercised, its premium would be lost by the Investment Manager. The risk involved in writing a put option is that there could be a decrease in the market value of the underlying security. If this occurred, the option could be exercised and the underlying security would then be sold to the Investment Manager at a higher price than its current market value. The risk involved in writing a call option is that there could be an increase in the market value of the underlying security. If this occurred, the option could be exercised and the underlying security would then be sold by the Investment Manager at a lower price than its current market value. Purchasing and writing put and call options and, in particular, writing "uncovered" options, are highly specialized activities and entail greater than ordinary investment risks.

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.

Short Sales. The Investment Manager may sell securities short. Short selling involves the sale of a security that the Investment Manager does not own and must borrow in order to make delivery in the hope of purchasing the same security at a later date at a lower price. In order to make delivery to its purchaser, the Investment Manager must borrow securities from a third-party lender. The Investment Manager subsequently returns the borrowed securities to the lender by delivering to the lender the securities it receives in the transaction or by purchasing securities in the open market. The Investment Manager must generally pledge cash with the lender equal to the market price of the borrowed securities. This deposit may be increased or decreased in accordance with changes in the market price of the borrowed securities. During the period in which the securities are borrowed, the lender typically retains its right to receive interest and dividends accruing to the securities. In exchange, in addition

to lending the securities, the lender generally pays the Investment Manager a fee for the use of the cash the Investment Manager pledges as collateral against borrowed securities. This fee is based on prevailing interest rates, the availability of the particular security for borrowing and other market factors.

Theoretically, securities sold short suffer from an unlimited risk of loss because there is no limit on how high the price of a security may rise before the short position is closed. In addition, the supply of securities that can be borrowed fluctuates from time to time. The Investment Manager may have losses if a security lender demands return of the lent securities and an alternative lending source cannot be found.

The levels of restriction and disclosure of short selling regulations vary across different jurisdictions and are subject to change (including expansion, imposition or removal without warning) in the short to medium term. Various restrictions and/or additional disclosure requirements may be promulgated at any time, especially during periods of market turmoil. If investment funds are subject to new restrictions, they may be forced to cover short positions more quickly than otherwise intended and may suffer losses as a result. Such restrictions may also adversely affect the ability of investment funds to execute their investment strategies generally if short selling is a fundamental element of their strategies. Accordingly, the Investment Manager may be adversely affected by such restrictions.

Interest Rate Risk. The Partnership may have exposure to interest rate risk, meaning that changes in prevailing interest rates could negatively affect the value of assets. Over any defined period of time, interest-bearing assets may be more sensitive to changes in market interest rates than interest-earning liabilities, or vice versa. Factors that may affect market interest rates include, without limitation, inflation, slow or stagnant economic growth or recession, unemployment, money supply and the monetary policies of the U.S. Federal Reserve, international disorder and instability in domestic and foreign financial markets. The Investment Manager expects that it will periodically experience imbalances in the interest rate sensitivities of its assets and liabilities and the relationships of various interest rates to each other. In a changing interest rate environment, it may not be able to manage this risk effectively. If unable to manage interest rate risk effectively, the Investment Manager's performance could be materially adversely affected. This may be particularly true under current economic conditions because interest rates are at historically low levels and central banks have been engaging in extraordinary and untested policies, causing the Investment Manager to face a heightened level of potential interest rate risk.

Currency Risk. Investments denominated in or exposed to non-U.S. currencies may be materially adversely affected by currency exchange rate devaluations and fluctuations (e.g., an increase in the strength of the U.S. dollar relative to other currencies may cause the value of investments to decline). Some currencies are particularly volatile. Governments may intervene in the currency markets, causing a decline in value or liquidity of foreign currency holdings. If the Investment Manager enters into forward foreign currency exchange contracts for hedging purposes, it may lose the benefits of advantageous changes in exchange rates or may sustain losses.

Hedging Transactions. The Investment Manager may, but is not obligated to, engage in short sales and utilize derivative instruments such as options, futures, forward contracts, asset- or mortgage-backed securities, interest rate swaps, caps and floors, both for investment purposes and to seek to hedge against fluctuations in the relative values of portfolio positions. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but

establishes other positions designed to gain from those same developments, thus, potentially moderating the decline in the value of positions held in the portfolio. Such hedge transactions also limit the opportunity for gain if the value of a portfolio position should increase. It may not be possible for the Investment Manager to fully hedge an investment given, for example, the uncertainty as to the amount and timing of projected cash flows and disposition of the investment.

The success of the Investment Manager's hedging transactions will be subject to the Investment Manager's ability to correctly assess the relationships between groupings of securities and assets within its portfolios, as well as, in the case of hedges designed to address currency exchange rate and interest rate fluctuations, to correctly predict movements in the direction of such rates. Therefore, while the Investment Manager may enter into such transactions to seek to reduce market currency exchange rate and interest rate risks, incorrect assessments of relationships between groupings of securities and unanticipated changes in currency or interest rates may result in lower overall performance than if the Investment Manager had not engaged in any such hedging transaction. For a variety of reasons, the Investment Manager may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Investment Manager from achieving the intended hedge or create risk of loss. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Investment Manager's investments.

Active Investment Style. Islet manages a substantial portion of the portfolios of its Clients through an active investment style. These portfolios effect numerous transactions on any given trading day and these Clients will incur brokerage commissions that constitute a significant portion of their net assets on an annual basis.

Investments in Non-U.S. Assets, Including in Developing and Emerging Markets. The Partnership may invest in non-U.S. assets, or its assets may be exposed to risks of non-U.S. jurisdictions and markets, including developed and emerging markets. Such risks may include: (i) controls on foreign investment; (ii) limitations on repatriation of invested capital, the ability to exchange local currencies for U.S. dollars, and possible adoption of governmental restrictions which may adversely affect the payment of principal and interest to investors located outside the country of the issuer; (iii) a higher degree of governmental involvement in and control over the national or local economy; (iv) differences in auditing and financial reporting standards, which may result in the unavailability of material information about economies, assets and issuers; (v) less extensive regulatory oversight of securities and other markets; (vi) less liquidity in securities and other markets; (vii) longer settlement periods for transactions; (viii) less stringent laws regarding the fiduciary duties of officers and directors and protection of investors; (ix) difficulty in enforcing contractual obligations and legal rights, which may be costly and slow; (x) the risk of nationalization or expropriation of assets or confiscatory taxation; (xi) social, economic and political instability; (xii) dependence on exports and the corresponding importance of international trade and commodities prices; and (xiii) potentially higher rates of inflation or deflation. International conventions and treaties may also impact certain assets. Certain non-U.S. assets and/or income received from sources within some countries may be reduced by withholding and other taxes imposed by such countries.

In developing markets, and in emerging markets in particular, there is often less government supervision and regulation of business and industry practices, stock exchanges, over-the-counter markets, brokers, dealers, counterparties and issuers than in other more established markets. Any regulatory supervision which is in place may be subject to manipulation or

control. Some emerging market countries do not have mature legal systems comparable to those of more developed countries. Moreover, the process of legal and regulatory reform may not be proceeding at the same pace as market developments, which could result in investment risk. Legislation to safeguard the rights of private ownership may not yet be in place in certain areas, and there may be the risk of conflict among local, regional and national requirements. In certain cases, the laws and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary appreciation or interpretation. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. The Investment Manager may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in non-U.S. courts.

THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OR EXPLANATION OF THE RISKS INVOLVED ASSOCIATED WITH ISLET'S INVESTMENT ANALYSIS AND INVESTMENT STRATEGIES. SUBSTANTIAL ADDITIONAL RISKS MAY BE PRESENT. PROSPECTIVE INVESTORS SHOULD READ THE OFFERING DOCUMENTS AND CONSULT WITH THEIR OWN ADVISORS BEFORE DECIDING TO MAKE AN INVESTMENT.

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 the evaluation of the Firm or the integrity of the Firm's management.

There are no legal or disciplinary events concerning Islet, its business or its employees that are material to a Clients or prospective client's evaluation of the Firm's advisory business or the integrity of its management.

Item 10: Other Financial Industry Activities and Affiliations

Neither Investment Manager nor its employees are registered as broker-dealers, and none has any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer, respectively.

Islet meets the definition of an exempt commodity pool operator ("**CPO**"). On an annual basis, the Firm makes the necessary affirmations to rely on the exemptions of CFTC Rule 4.13(a)(3) for each of its Funds.

The Funds are sponsored private investment vehicles of the Investment Manager. Additionally, the General Partner of the Funds is an affiliate of the Investment Manager.

The Investment Manager does not recommend or select other investment advisers for Clients.

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

Islet has adopted a “**Code of Ethics**” that establishes the high standard of conduct that we expect of our employees and procedures regarding our employees’ personal trading of securities. Our employees are required to certify their adherence to the terms set forth in the Code of Ethics upon commencement of employment and annually thereafter. Employees also are required to provide quarterly certifications of compliance with certain Code of Ethics provisions.

The foundation of our Code of Ethics is based upon the following underlying fiduciary principles:

- Employees must at all times place the interests of the Clients, Funds, and Investors first;
- Employees must ensure that all personal securities transactions are conducted consistent with the Code of Ethics’ Employee Investment Policy (described below); and
- Employees should not take inappropriate advantage of their position at the Firm.

Personal Securities Trading

Employees, their spouses, immediate family members and other dependents are required to provide their brokers to send duplicate copies of personal discretionary brokerage account statements to the CCO. These records are used to monitor compliance with Islet’s “**Employee Investment Policy**.” Employees are not permitted to trade single-name equity securities or derivatives of such securities, except for the purpose of holding or liquidating any such holdings after the commencement of employment. Employees are only permitted to liquidate positions held at the commencement of employment (legacy positions) after obtaining approval from the CCO (a “**Liquidating Trade**”). Employees may trade mutual funds, exchange-traded funds, or exchange-traded notes that track the performance of a broad-based market benchmark or index. Such trades are subject to a holding period and must be pre-approved by the CCO prior to execution (an “**Allowed Trade**”).

Employees must obtain pre-approval from the CCO before: (i) making a Liquidating Trade; (ii) making an Allowed Trade; (iii) engaging in any outside business activities that may present a conflict with the employees’ duties at the Firm; or (iv) making any private investments.

We will provide a copy of our Code of Ethics to our Investors, or any prospective investor or client, upon request, to be viewed on the premises.

Item 12: Brokerage Practices

In light of the Active Trading Strategy, the Investment Manager routinely makes use of brokers and dealers that charge trade based-commissions. The Investment Manager will aggregate client orders when doing so is likely to result in better overall price or reduced cost for the client's trade. The Investment Manager is authorized to determine the broker or dealer it will use for each securities transaction. Executing brokers are selected at the Investment Manager's sole discretion. In selecting brokers or dealers to execute transactions, the Investment Manager is not required to solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Investment Manager's practice to negotiate "execution only" commission rates; thus it may be deemed to be paying for research and other services provided by the broker that are included in the commission rate. The Investment Manager's overriding objective in effecting portfolio transactions is to seek best execution for its Clients' securities transactions. The Firm may cause a Client account to pay a broker a commission in excess of that which another broker might have charged for effecting the same transaction in recognition of the value of the brokerage and other services provided by the broker. In seeking to obtain the most favorable terms reasonably available under the circumstances by taking into consideration the following qualitative and quantitative factors: (i) research; (ii) liquidity/pricing; (iii) pricing and commission rate; (iv) transactional considerations; (v) reliability/responsiveness; (vi) financial stability; and (vii) regulatory history and industry reputation. The Investment Manager may use research and related services obtained by the use of commissions arising from the Partnership's portfolio transactions in its other investment activities. Research and related services furnished by the Prime Brokers and other brokers will be limited to services which constitute research within the meaning of Section 28(e) of the Exchange Act. Accordingly, research and related services may include, but are not limited to, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts, as well as discussions with research personnel; financial and industry publications; statistical and pricing services utilized in the investment management process. In selecting brokers and negotiating commission rates, the Investment Manager will take into account the financial stability and reputation of brokerage firms, the brokerage, research and related services provided by such brokers and the referral of investors (consistent with best execution), although clients may not, in any particular instance, be the direct or indirect beneficiary of the research or related services provided. The Investment Manager may change prime brokerage, brokerage and custodial arrangements without prior notice to clients. Certain Clients often invest on the basis of short-term market considerations. The turnover rate of such Clients' positions will be significant, involving substantial brokerage commissions and other fees and expenses.

Soft Dollars

The Partnership's transactions may generate "soft dollar credits." Any use of soft dollars is intended to comply with the requirements of Section 28(e) of the Exchange Act. Any soft dollar arrangement would represent a potential conflict of interest since commissions could be used to obtain a service that the Investment Manager would otherwise have to pay for with its own assets. Therefore, the Investment Manager could be incentivized to utilize a soft dollar broker based on its interests in receiving soft dollar credits rather than on clients' interests in receiving most favorable execution. From time to time, the Investment Manager may select a broker-dealer that charges a fee in excess of others in return for soft dollar benefits.

Item 13: Review of Accounts

Our portfolio manager and investment professionals continuously monitor and analyze the transactions, positions, and investments to ensure that they conform with the investment objectives and guidelines that are stated in the Funds' offering documents and investment management agreements. In these reviews, it pays particular attention to any changes in investment fundamentals, overall risk management and changes in the markets that may affect price levels.

Account Reporting

We perform various periodic reviews of each Client's portfolio. Such reviews are conducted by our officers.

The Firm provides written periodic financial reports, such as audited annual financial statements to the Investors in the Funds. The Firm or the custodian of the Managed Accounts provides a written account statement or report to the Managed Accounts on a periodic basis, depending on the terms negotiated between the Managed Accounts and the Firm. The reports include the performance of the account along with other information as agreed by the Firm and the Managed Accounts.

Item 14: Client Referrals and Other Compensation

The Investment Manager may pay compensation to one or more persons for placement or referral services in connection with the offering of Fund interests, provided that the Fund will not bear such fees and expenses. All such solicitation arrangements will be in compliance with Rule 206(4)-3 under the Advisers Act.

Item 15: Custody

The Firm is deemed, under Rule 206(4)-2 of the Advisers Act, to have custody of the assets of the Funds by virtue of the common control of the Firm and the General Partner of the Funds. We will comply with Advisers Act's Custody Rule by meeting the conditions of the pooled vehicle annual audit approach. All assets and securities of the Funds are held by qualified custodians. Upon completion of the relevant Fund's annual audit by an independent auditor that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board (PCAOB), we will distribute the Fund's audited financials to Investors within 120 days of the Fund's fiscal year end.

The Firm is not deemed to have custody of the assets held in the Managed Accounts. The Managed Accounts assets are maintained in the respective Managed Account's custody with the custodian and/or broker-dealer selected by the Managed Accounts as set forth in each respective investment management agreement. Managed Accounts should carefully review account statements received from the broker-dealer, bank or other qualified custodian.

The Firm periodically evaluates its status under the custody rule to determine if any changes are necessary.

Item 16: Investment Discretion

The Firm exercises full discretionary authority in managing the investments made by the Funds, based on the Funds' investment objectives, policies and strategies disclosed in its offering documents. The Firm contractually assumes discretionary authority over the assets of the Funds under an investment management agreement entered among Islet, the Funds and its General Partner.

The Managed Accounts appoint the Firm as investment manager, with full power and authority in the Firm's sole and absolute discretion to purchase, sell (including short sale), tender, exchange, convert or exercise and otherwise acquire or dispose of and trade and deal in or with the investments for the Managed Accounts in such manner as the Firm considers appropriate, consistent with its strategies and the limits fully described in its investment management agreement.

Item 17: Voting Client Securities

In compliance with the Advisers Act's Proxy Voting Rule, the Investment Manager has adopted proxy voting policies and procedures. The general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, "**Proxies**") in a prudent and diligent manner that will serve the applicable client's best interests and is in line with each client's investment objectives.

We may take into account all relevant factors, as determined by us in our discretion, including, without limitation:

- the impact on the value of the securities or instruments owned by the relevant client and the returns on those securities;
- the anticipated associated costs and benefits;
- the continued or increased availability of portfolio information; and
- industry and business practices.

Conflicts of interest may arise between the interests of the clients on the one hand and us or our affiliates on the other hand. If we determine that we may have, or be perceived to have, a conflict of interest when voting Proxies, we will vote in accordance with our Proxy voting policies and procedures.

Clients may review a copy of our Proxy voting policies and our Proxy voting record upon prior request.

Item 18: Financial Information

The Firm does not require or solicit prepayment of more than \$1200, six months or more in advance. The Firm does not believe it has any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its Clients. The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.