

**Item 1          Cover Page****Date: March 31, 2022**

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This document is Balyasny Asset Management LP's (also referred to as "BAM," "Investment Manager" or "Investment Adviser") "Brochure." This Brochure provides information about the qualifications and business practices of BAM. If you have any questions about the contents of this Brochure, please contact BAM's Chief Compliance Officer at (212) 808-2300 or [compliance@bamfunds.com](mailto:compliance@bamfunds.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Any reference to BAM as a registered investment adviser does not imply a certain level of skill or training. Additional information about BAM is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**Item 2            Material Changes**

There have been no material changes since the last time BAM filed its annual update to its Form ADV Part 2A in March 2021.

### Item 3            Table of Contents

Item 1 .....	1
Cover Page .....	1
Item 2 .....	2
Material Changes .....	2
Item 3 .....	3
Table of Contents .....	3
Item 4 .....	4
Advisory Business .....	4
Item 5 .....	5
Fees and Compensation .....	5
Item 6 .....	8
Performance-Based Fees and Side-By-Side Management .....	8
Item 7 .....	9
Type of Clients .....	9
Item 8 .....	9
Methods of Analysis Investment Strategies and Risk of Loss .....	9
Item 9 .....	16
Disciplinary Information .....	16
Item 10 .....	16
Other Financial Industry Activities and Affiliations .....	16
Item 11 .....	17
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	17
Item 12 .....	22
Brokerage Practices .....	22
Item 13 .....	24
Review of Accounts .....	24
Item 14 .....	24
Client Referrals and Other Compensation .....	24
Item 15 .....	25
Custody .....	25
Item 16 .....	25
Investment Discretion .....	25
Item 17 .....	25
Voting Client Securities .....	25
Item 18 .....	25
Financial Information .....	25
Item 19 .....	26
Requirements for State-Registered Advisers .....	26

## **Item 4                    Advisory Business**

### **Item 4.A.**

BAM's predecessor, Balyasny Capital Management LLC (referred to as "BCM"), was founded in December 2001 by Dmitry Balyasny. In December 2003, BCM converted from a limited liability company to a limited partnership. Then, in January 2004, BCM's name was changed to Balyasny Asset Management, LP. Mr. Balyasny owns approximately 70% of BAM and is the only principal owner of BAM.

### **Item 4.B.**

BAM provides investment advisory services to high net-worth individuals and institutional clients through privately offered pooled investment funds (referred to as the "Investment Funds"). BAM specializes in investing in a variety of alternative asset classes and strategies, but generally focuses on fundamental long/short equity, macro, systematic trading and equity arbitrage & credit investing.

The Investment Funds are formed as limited partnerships, limited liability companies and offshore corporations and trusts. The Investment Funds that are offered within the United States as well as to "U.S. Persons" in general (collectively, "U.S. Offerings") (as defined by Regulation S under the U.S. Securities Act of 1933, as amended) are available only to persons who are "accredited investors" under the Securities Act of 1933, as amended, and only to persons who are "qualified purchasers" under the Investment Company Act of 1940, as amended (the "IC Act"). Additionally, all investors must also be "qualified clients" under the Advisers Act of 1940, as amended. The Investment Funds are not registered as investment companies under the IC Act and are not made available to the general public. BAM's Investment Funds are managed by BAM in its sole discretion. Interests in the Investment Funds are offered only by means of a private placement memorandum (also referred to as an offering memorandum).

The Investment Funds are funded through capital contributions. Withdrawals are permitted in accordance with the terms of each Investment Funds private placement memorandum at the current net asset values. The Investment Funds engage in a range of alternative investment strategies and are generally focused on sector-based fundamental long/short equity (including, without restriction, investments in financial, consumer/retail, information technology, energy and industrials), short- and medium-term trading portfolios, global macro trading, special situations, distressed companies and arbitrage opportunities, both within and outside U.S. markets.

### **Item 4.C.**

In general, BAM provides investment advisory services to pooled investment funds. BAM's services to the Investment Funds are provided pursuant to the terms of the relevant offering memorandum. Amongst other things, BAM has discretion with respect to investment decisions made on behalf of the Investment Funds in a broad range of U.S. and non-U.S. equity, equity-linked and non-equity financial instruments, including derivatives, as well as the strategies used to employ investments made in these instruments. BAM will also determine to use specific brokers, dealers, prime brokers and other counterparties that facilitate, write, settle and clear these transactions. Further, BAM shall determine commission amounts and other forms of compensation paid by the Investment Funds. The terms, conditions and investment strategies of each of the Investment Funds are as described more fully in the respective Investment Fund's offering memorandum. The investment objectives of the Investment Funds may not be customized. However, BAM, from time-to-time, may advise separately managed accounts. Clients of these separately managed accounts may customize the services obtained on behalf of the separate account as well as the fee and liquidity terms.

As part of the investment program, the Investment Adviser may determine to retain third-party managers ("External Managers") to manage, on a discretionary basis, portions of the Investment Funds' assets through direct sub-advisory relationships. In general, such External Managers will follow investment strategies that are in-line with the Investment Funds' investment program. The Investment Adviser believes that the use of External Managers should enable the Investment Funds to enhance performance by expanding the investment expertise available to the Investment Funds, providing access to certain markets, access to strategies not currently deployed by the Investment Adviser as well as other opportunities. Although various levels of discretion may be given to such External Managers, the Investment Adviser remains responsible for monitoring the External Managers' performance in the Investment Funds' portfolio. Such External Managers will charge performance-based fees for their management services and will receive an advance draw against their performance-based fees. Fees paid to External Managers, and expenses attributed to

External Managers will be similar to the fees and expenses of internal portfolio managers; however, draws against their performance based fees will be larger. External Managers, who are not employees of BAM, are responsible for hiring of personnel and certain other aspects of their business, although BAM generally retains ultimate control over the accounts managed by such External Managers. Further, External Managers also manage capital for one or more other clients.

#### **Item 4.D.**

As of the date this Brochure was published, BAM does not participate in wrap fee programs.

#### **Item 4.E.**

As of March 1, 2022, BAM managed approximately \$14,807,800,000 in client assets on a discretionary basis. BAM does not manage client assets on a non-discretionary basis.

### **Item 5 Fees and Compensation**

#### **Item 5.A.**

As mentioned in Item 4.B., the Investment Funds are available only to persons who are “qualified purchasers” under the IC Act. In general, the fees for the Investment Funds are not negotiable.

The Investment Funds (as defined in Item 4.B. above) typically pay an annual asset based management fee (“Management Fee”), calculated and payable either monthly in advance or monthly in arrears (for additional detail see Item 5.D. below), depending on the specific Investment Fund and the terms associated with a specific share class or investment option. The Investment Funds are also responsible for an incentive allocation based on a percentage of the performance of the portfolio (“Incentive Allocation”), calculated on the basis of both realized and unrealized gains and losses. Depending on the specific Investment Fund and the terms associated with a specific share class or investment option, the Incentive Allocation will generally be calculated on net profits based on either a fixed rate of 20% or on a tiered rate of 10% to 30% of the annualized net rate of return of the specific investor, subject to a loss carryforward. Additionally, certain Investment Funds also pass-through expenses associated with the costs of the various Investment Teams, as defined and described more fully below (in this Item 5.A.).

The specific fees charged by each individual Investment Fund can be found in the confidential offering memorandum and/or the advisory contract associated with that specific Investment Fund. BAM does not negotiate fees, however, BAM may offer separate share class offerings of the Investment Funds where investors may receive a reduction of management fees or incentive fees otherwise payable with respect to certain other Investment Fund share classes. The difference in fees is generally due to investors meeting different minimum investment amounts in a specific Investment Fund share class.

Performance-based allocations are only charged consistent with SEC rules and regulations, including Rule 205-3 under the Investment Advisers Act of 1940. The Board of Directors of the Investment Funds or BAM (depending on the specific Investment Fund), in their sole discretion, may waive all or a portion of fees or offer different liquidity terms with respect to investments made by employees and certain other investors in its Investment Fund. In that connection, BAM employees that are permitted to invest in the Investment Funds are typically either charged a reduced Incentive Allocation or are not charged an Incentive Allocation at all (depending on the specific Investment Fund). BAM employees that are permitted to invest in the Investment Funds through BAM’s 401K Retirement Plan, and in accordance with the Employee Retirement Income Security Act of 1974, do not pay a Management Fee, Incentive Allocation or Investment Team-related expenses (defined below). The pro-rata allocation of the Investment Team-related expenses attributable to the BAM 401K Retirement Plan assets are paid by BAM. Additionally, certain BAM employees, including partners of BAM, do not pay a Management Fee or an Incentive Allocation. Incentive Allocations are calculated and accrued monthly but are generally allocated annually at year-end. All performance-based allocations are calculated cumulatively; subject to a high-water mark (on a partner-by-partner basis or by share class) to prevent such allocation from being generated on recouped gains. (See Item 5.B. below for additional detail regarding withdrawal/redemptions).

Additionally, certain Investment Funds pay Investment Team-related expenses, which includes, without limitation:

- Compensation of the Investment Team members (as defined below) (including, but not limited to, signing bonuses, which may be in the form of buyouts of prior deferred compensation or other incentive plans attributable to previous employers, as well as performance-based compensation, retention bonuses, draws, and benefits);
- compensation of all (i) members of the Investment Adviser's Management Committee and (ii) Chief Operating Officers of the Investment Adviser's investment strategies in which the Fund participates, including, without limitation, salaries/draws; benefits; payroll, withholding and similar taxes, sales or other taxes; workers' compensation contributions; 401K and similar retirement or savings plan contributions and administration fees; severance, professional dues and professional development related expenses; and performance-based compensation, retention bonuses and signing bonuses (which may be in the form of buyouts of prior deferred compensation or other incentive plans attributable to previous employers), to the extent not already borne by the Fund pursuant to the previous bullet;
- recruiting-related expenses (including, but not limited to, fees and expenses of third-party recruiters; internal referral payments; recruitment-related travel and lodging, meals, and entertainment; relocation expenses, legal fees, and other expenses related to the recruitment of Investment Team members);
- legal fees and expenses related to Investment Team members;
- meals;
- relocation expenses;
- market data, hardware and software expenses or similar expenses, including servers and other infrastructure (including cloud-based infrastructure) to the extent deployed in respect of the Investment Team;
- expenses related to communications systems and hardware, technology, services, and equipment (including dedicated or specialized links to trading venues, brokers, research and data providers, cloud-based computing, storage and services, and linkage to and connectivity with more general internet and telecommunications service providers);
- telephone/mobile services expenses;
- services related to the Investment Adviser's research and investment functions, including corporate access charges;
- travel and lodging related to the Investment Team function and other expenses incurred by or attributable to the Investment Team members.

For reference, the Management Committee consists of the Investment Adviser's most senior leadership and is chaired by Taylor O'Malley, co-founder and president of the Investment Adviser. The size of the Management Committee can and will vary over time; it currently consists of 12 senior heads of business of the Investment Adviser (excluding the Investment Adviser's founders) and works directly with the Investment Adviser's Investment Committee to develop and execute on business initiatives designed to enable the Investment Adviser to deliver risk-adjusted returns in all market cycles. The Management Committee does and will spend time and attention on issues faced by the Investment Adviser, its affiliates, partners and employees, as well as the clients it advises, such as the Investment Funds.

The Investment Team members include, without limitation:

- the Portfolio Managers;
- analysts (including personnel focused on fundamental and quantitative research and personnel associated with data sourcing, strategy, analysis, processing and deployment);
- certain personnel that are part of business lines that support Portfolio Manager development, research and investment programs;
- trading (including personnel dedicated to optimizing the Investment Adviser's investment strategies, central liquidity book personnel and syndicate desk personnel, etc.), brokerage and corporate access support personnel;
- portfolio finance and treasury personnel;
- risk management personnel;
- internal recruiting professionals and other business development and recruiting personnel (to the extent engaged on behalf of the Investment Team);

- programmers, developers and application, data, and technology support personnel who participate in the investment program and/or support the Investment Team;
- professional development personnel, including Portfolio Manager and analyst development personnel;
- corporate strategy personnel, to the extent of their participation in the investment program;
- personnel attached to new business lines that are developed and launched, at times and from time to time, for the Fund by the Investment Adviser;
- third-party consultants employed by the Investment Adviser to assist with functions relating to the Investment Team; and
- other Investment Team-related support personnel (e.g., administrative support personnel) (collectively, the "Investment Team").

To the extent that Investment Team members also perform other services for BAM, or for additional Investment Funds managed by BAM, such expenses will be allocated across Investment Funds and/or to BAM based on a good faith methodology. Additionally, in general, expenses, costs and liabilities borne by a particular trading program will be allocated to the classes or sub-classes of an Investment Fund that participates in such trading program (to the extent feasible to do so). While BAM believes its allocation methodology is appropriate, it involves good-faith, but subjective judgment by BAM and the application of an alternative allocation methodology could result in less costs being borne by the Investment Funds. Additionally, BAM will make these expense allocation determinations according to metrics that it determines to be reasonable, but such determinations will not be wholly objective and the metric utilized may change over time. To mitigate the conflicts of interest related to the allocation of expenses across Investment Funds and to BAM, an Expense Allocation Committee consisting of various senior members of BAM's accounting, compliance and legal teams was established and meets quarterly or more frequently as required.

Certain qualifying costs and expenses may be provided for through soft dollars generated by the Investment Funds or borne by the Investment Funds.

#### **Item 5.B.**

BAM deducts fees directly from client assets. Management Fees are deducted monthly. The Management Fees are calculated and payable either monthly in advance or monthly in arrears, depending on the specific Investment Fund and the share class or investment option. Please see Item 5.D. for additional details.

The Incentive Allocation is typically accrued monthly; however, investors generally do not pay the Incentive Allocation until fiscal year-end or if a withdrawal/redemption occurs at any time other than at the end of a fiscal year, the withdrawing/redeeming investor will be responsible for the Incentive Allocation at the time of the withdrawal/redemption (if applicable).

#### **Item 5.C.**

Atlas Global Investments, Ltd.; Atlas Global, LLC; Atlas Enhanced Fund, Ltd.; Atlas Enhanced Fund, LP; Atlas Institutional Equity Fund, LP; Atlas Portable Alpha, LP; Atlas Terra Fund, Ltd.; Atlas Diversified Fund, Ltd.; and Atlas Diversified Fund, LP:

Atlas Global Investments, Ltd. and Atlas Global, LLC (together, "Atlas Global"), Atlas Enhanced Fund, Ltd., Atlas Enhanced Fund, LP, Atlas Institutional Equity Fund, LP, Atlas Portable Alpha, LP and Atlas Terra Fund, Ltd. (together, "AEF"), Atlas Diversified Fund, Ltd. and Atlas Diversified Fund, LP ("together, ADF") will pay the Investment Team-related expenses associated with and/or incurred by the Investment Team members as described above in Item 5.A. As it relates to the performance-based compensation to the Portfolio Managers, each Portfolio Manager is compensated based on the performance of the pool of assets that he or she manages within the Investment Fund's portfolios. Consequently, a particular Portfolio Manager may receive performance-based compensation in respect of the pool of assets that s/he manages during a period when the Investment Fund's overall capital depreciated (that is, the Investment Fund experienced a loss).

In addition to the expenses disclosed in Item 5.A., Atlas Global, AEF and ADF also bear their own (and if applicable, their pro rata share of the master fund's) operating and other expenses including, but not limited to, investment-related expenses (e.g., brokerage commissions, clearing and settlement charges, custodial fees, interest expense, consulting and other professional fees relating to investments, incentive fees and/or management fees to managers of investment

vehicles in which an Investment Fund's assets may be invested, investment-related travel and lodging expenses, research-related expenses, including, without limitation, news and quotation equipment and services, investment and trading-related computer hardware and software or similar expenses, including trade order management software (i.e., software used to route trade orders) and expenses associated with installing computers, cable and telephone lines and equipment used primarily for investment and trading purposes), legal expenses, accounting, audit and tax preparation expenses, organizational expenses, expenses relating to the offer and sale of the Interests, expenses relating to obtaining insurance for the officers of BAM, the General Partner and the Directors of the Master Fund, remuneration to the Board of Directors of the Master Fund, the Management Fee, fees to the Administrator (as defined in the operating agreement for the respective Investment Fund), fees and expenses relating to third party providers of middle and back-office services, expenses related to the maintenance of the Investments Fund's registered office, corporate licensing, extraordinary expenses and other similar expenses related to the Investment Funds. To the extent the Investment Fund's expenses are advanced by BAM on behalf of the Investment Funds, such expenses will be promptly reimbursed. The respective Master Fund for each Investment Fund will bear all expenses of each Investment Fund and will allocate such expenses to each entity as appropriate.

In addition to the fees and expenses discussed above, investors will indirectly incur similar fees and expenses for investments in money market funds or exchange traded funds, as these funds in turn pay similar fees to their investment managers and other service providers.

In addition to the brokerage and transaction costs discussed above, please refer to Item 12 for more details on BAM's Brokerage Practices.

#### **Item 5.D.**

Atlas Global pays management fees monthly in arrears. AEF and ADF pay management fees monthly in advance.

Management fees are generally non-refundable if the advisory contract is cancelled prior to the end of a payment period.

#### **Item 5.E.**

No one under BAM's supervision or control is compensated for the sale of interests in the Investment Funds.

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

Item 5.A. of this Brochure contains additional guidance on the Incentive Allocations that each Investment Fund is responsible for. Please see Item 5.A. for this information.

BAM manages several Investment Funds. Each of which are arranged in a "master-feeder" structure. Under this structure, all trading is done by the "master fund." The "feeder fund" typically invests all of its assets into the master fund. Investors invest their capital into the feeder funds. Certain feeder funds within a particular master-feeder structure charge fees that are higher (or lower) than the other feeder funds in the same master-feeder structure. In addition, feeder funds may have more than one share class or investment option, and therefore, management fees and/or Incentive Allocations will be higher (or lower) for one share class or investment option than the other share classes or investment options.

Because of the different Incentive Allocations charged by the feeder funds, there are inherent incentives to favor the feeder funds that are responsible for a higher Incentive Allocation. However, because the trading takes place at the master fund level and ownership of the portfolio investments are directly attributed to the master fund, BAM is able to allocate the profit and loss of the assets to each specific investor in proportion to their ownership percentage of the master fund's total assets, thereby, mitigating the incentive to favor the feeder funds with the higher Incentive Allocation.



BAM's trade order aggregation and allocation process is also intended to mitigate the inherent incentive to favor a fund structure (for example, one that charges higher fees) over another fund structure (one that charges lower fees). Please see Item 11.C. for greater detail on BAM's allocation process.

## **Item 7                    Type of Clients**

BAM provides investment advisory services to high net-worth individuals and institutional clients through privately offered pooled investment funds (referred to as the "Investment Funds").

The investors in the Investment Funds include, but are not limited to, high net worth individuals, family offices, other private investment funds, funds of funds, investment companies, trusts, estates, U.S. and non-U.S. institutions, charitable institutions, sovereign wealth funds, foundations, endowments, municipalities, corporate pensions and profit sharing plans, and other institutional clients.

The Investment Funds are formed as limited partnerships, limited liability companies and offshore corporations and trusts. The Investment Funds that are offered within the United States as well as to "U.S. Persons" in general (collectively, "U.S. Offerings") (as defined by Regulation S under the U.S. Securities Act of 1933, as amended) are available only to persons who are "accredited investors" under the Securities Act of 1933, as amended, and only to persons who are "qualified purchasers" under the Investment Company Act of 1940, as amended (the "IC Act"). Additionally, all investors must also be "qualified clients" under the Advisers Act of 1940, as amended. The Investment Funds are not registered as investment companies under the IC Act and are not made available to the general public. BAM's pooled investment funds are managed by BAM (and its affiliates) in BAM's sole discretion. Interests in the Investment Funds are offered only by means of a private placement memorandum (also referred to as an offering memorandum).

## **Item 8                    Methods of Analysis Investment Strategies and Risk of Loss**

### **Item 8.A.**

Investing in securities is speculative and involves a high degree of risk. BAM will employ certain trading techniques, as described in this section, Item 8.A. and below in Item 8.B., which may increase the risk of investment loss. As a result, an investor could lose all or a substantial amount of his or her investment.

The Investment Funds managed by BAM are multi-strategy investment funds. BAM's investment advisory services reflect a blend of strategies including fundamental long/short equity, macro, systematic trading and equity arbitrage & credit investing. BAM's long/short equity and equity trading strategies include (but are not limited to) investments and trading in the following market sectors: Energy, Health Care, Financials, Industrials, Information Technology, Consumer Staples and Consumer Discretionary.

BAM utilizes various analysis techniques including, but not limited to, technical analysis, fundamental analysis, and cyclical analysis. The analysis conducted by BAM for its long/short equity, equity trading and credit strategies include, but is not limited to, company specific financial modeling, comprehensive review of earnings reports, interaction with analysts employed by broker-dealers and research vendors, interaction with industry experts as well as interaction with investor relations personnel employed by the public companies whose securities the Investment Funds trade. The analysis conducted by BAM for its macro strategy focuses on global macroeconomics, policy decisions of central banks, as well as (but not limited to) data related to gross domestic product, consumption, investment, monetary and employment/unemployment data on a global basis.

The primary sources of information utilized by BAM include (but are not limited to) fundamental proprietary research and analysis developed by BAM, research reports and materials prepared by broker-dealers and other research

vendors, financial newspapers and magazines, annual reports published by publicly listed companies, prospectuses, SEC and other regulatory filings, company press releases and corporate rating services.

Regulators have recently increased their scrutiny of alternative data providers and market participants that use alternative data. There are certain risks associated with alternative data that require a process to review the vendors providing this type of data, the data collection techniques and the data products themselves. The implementation of alternative data into the investment process carries certain risks, which require oversight. A lack of sufficient oversight and controls can result in regulatory scrutiny.

#### **Item 8.B.**

Please see Item 11.C. for details on BAM's trade allocation policy.

BAM's various trading strategies may result in greater portfolio turnover and, consequently, greater transaction costs to the Investment Funds. An investor should be aware that it may lose all or part of its investment in the Fund. All investments risk the loss of capital. BAM believes that its research techniques moderate this risk through a careful selection of securities, hedging and the use of other financial instruments. However, no guarantee or representation is made that the Investment Fund's investment program will be successful. Investment results may vary substantially over time. The Investment Funds may engage in, among others, options and futures transactions, margin transactions, short sales, forward contracts, utilize leverage and have limited diversification, all of which can amplify negative performance in the Investment Funds' portfolios.

The success of the investment program depends on the ability of the Portfolio Managers to identify overvalued and undervalued investment opportunities and to exploit price discrepancies in the capital markets. Identification and exploitation of investment opportunities and the use of various trading strategies involves uncertainty. No assurance can be given that the Portfolio Managers will be able to correctly locate trading opportunities or exploit price discrepancies in the capital markets. In the event that the Portfolio Manager is incorrect in identifying perceived mispricings, the Investment Funds may incur losses.

The Investment Funds may, from time to time, invest in both listed and unlisted securities that are traded on a securities exchange or traded over-the-counter respectively. The volume of trading in unlisted securities is generally less than that found on securities exchanges. Therefore, it may be more difficult to buy and sell these securities, which increases the volatility of their share prices. Equity securities fluctuate in value in response to many factors, including (but not limited to) the activities and financial condition of individual issuers, public sentiment, the market in which such companies compete and industry market conditions and general economic environments.

Merger Arbitrage/Events is a strategy that seeks to profit from changes in the price of securities of companies involved in extraordinary corporate transactions. The difference between the price paid by an Investment Fund for securities of a company involved in a publicly known corporate transaction and the anticipated value to be received for those same securities upon completion of the proposed transaction will often be very small. Since the price bid for the securities of a company involved in an announced corporate transaction will generally be at a significant premium above the market price prior to the announcement, if the proposed transaction appears likely not to be completed or in fact is not completed or it is delayed, the market price of the securities will usually decline sharply, perhaps by more than the Investment Fund's anticipated profit. The Merger Arbitrage business is extremely competitive. In any given transaction, arbitrage activity by other firms will tend to narrow the spread between the price at which a security may be purchased by the Investment Funds and the Investment Funds expect to receive upon completion of the transaction.

The Investment Funds may take positions to profit from index rebalances. Due to the large number of funds that now explicitly or implicitly track various equity indices around the world, additions and deletions of specific securities from a widely followed equity index can lead to substantial trading opportunities. For example, the addition of a stock to a particular index may lead to a significantly increased demand for that stock even after the announcement date. Successful index rebalancing efforts by the Investment Funds will be contingent upon BAM's ability to predict movements in the price of specific stocks in light of related market considerations.

Certain investments of the Investment Funds may involve start-up companies, companies developing new products or companies seeking to raise additional capital for expansion. In addition, the Investment Funds may invest in companies involved in bankruptcy or other reorganization and liquidation proceedings. Although such investments

may result in significant returns to the Investment Funds, they involve a substantial degree of risk. Any one or all of the issuers of the instruments in which the Investment Funds may invest, directly or indirectly, may be unsuccessful or not show any return for a considerable period of time. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that the Investment Funds will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which the Investment Funds participate, the Investment Funds may lose its entire investment or may be required to accept cash or instruments with a value less than the Investment Funds' original investment.

Special purpose acquisition companies, commonly referred to as "SPACs," are publicly traded companies formed for the purpose of raising capital through initial public offerings to fund the acquisition, through a merger, capital stock exchange, asset acquisition or other similar business combination, of one or more operating businesses. Following the acquisition of a target company, a SPAC may exercise some degree of control over the management of such target company. Capital raised through the initial public offering of securities of a SPAC is typically placed into a trust until a target company is acquired or a predetermined period of time elapses. Investors in a SPAC would receive a return on their investment in the event that a target company is successfully acquired and the securities of the combined company increased in value relative to the pre-transaction value of the SPAC securities. In the event that a SPAC is unable to locate and acquire a target company by the deadline, the SPAC would typically be forced to liquidate its assets, which may result in losses due to the expenses and liabilities of the SPAC. Investors in a SPAC are subject to the risk that, among other things, (i) such SPAC may not be able to locate or acquire a target company by the deadline, (ii) assets in the trust may be subject to third-party claims against such SPAC, which may reduce the per share liquidation price received by the investors in the SPAC, (iii) such SPAC may be exempt from the rules promulgated by the SEC to protect investors in "blank check" companies, such as Rule 419 promulgated under the Securities Act, so that investors in such SPAC may not be afforded the benefits or protections of those rules, (iv) such SPAC may only be able to complete one business combination, which may cause it to be solely dependent on a single business, (v) the value of any target company may decrease following its acquisition by such SPAC, (vi) the value of the funds invested and held in the trust decline, (vii) the investor in the SPAC may not be able to redeem due to the failure to hold the securities in the SPAC on the record date or the failure to vote against the acquisition and (viii) if the SPAC is unable to consummate a business combination, public stockholders will be forced to wait until the deadline before liquidating distributions are made. In addition, interests in most SPACs are relatively illiquid and have a concentrated shareholder base that tends to be comprised of institutional investors, including hedge funds. Certain Investment Funds may, and often do, invest in a SPAC that, at the time of investment, has not selected or approached any prospective target businesses with respect to a business combination. In addition, the certain Investment Funds may invest capital in vehicles acting as the sponsors of SPACs in exchange for interest in the SPAC that will only have value to the extent that a transaction is consummated by the SPAC and the Investment Fund continues to hold interests in the combined company thereafter. There may be limited basis for the Investment Funds to evaluate the possible merits or risks of such SPAC's investment in any particular target business or the track record of its management team. To the extent that a SPAC completes a business combination, it will be affected by numerous risks inherent in the business operations of the acquired company or companies. For these and additional reasons, investments in SPACs are speculative and involve a high degree of risk.

An Investment Fund may buy or sell (write) both call options and put options, and when it writes options, it may do so on a "covered" or an "uncovered" basis. A call option is "covered" when the writer owns securities of the same class and amount as those to which the call option applies. A put option is covered when the writer has an open short position in securities of the relevant class and amount. The Investment Fund's option transactions may be part of a hedging strategy (i.e., offsetting the risk involved in another securities position) or a form of leverage, whereby the Investment Fund has the right to benefit from price movements in a large number of securities with a small commitment of capital. These activities involve risks that can be substantial, depending on the circumstances.

When the Investment Fund buys an option, a decrease (or inadequate increase) in the price of the underlying security in the case of a call, or an increase (or inadequate decrease) in the price of the underlying security in the case of a put, could result in a total loss of the Investment Fund's investment in the option (including commissions). The Investment Fund could mitigate those losses by selling short, or buying puts on, the securities as to which it holds call options, or by taking a long position (e.g., by buying the securities or buying calls on them) in securities underlying put options.

When the Investment Fund sells (writes) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the risk of an increase in the market price of the underlying security above the exercise price. The risk is theoretically unlimited unless the option is "covered." If it is covered, the Investment Fund would forego the opportunity for profit on the underlying security should the market price of the security rise above the exercise price. If the price of the underlying security were to drop below the exercise price, the premium received on the option (after transaction costs) would provide profit that would reduce or offset any loss the Investment Fund might suffer as a result of owning the security.

Swaps and certain options and other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty, market risk, liquidity risk and operations risk.

As part of their credit and/or macro strategies, the Investment Funds may invest in bonds or other fixed income securities of U.S. and non-U.S. issuers, including, without limitation, bonds, notes and debentures issued by corporations; debt securities issued or guaranteed by the U.S. government and non-U.S. governments or one of their agencies or instrumentalities; and commercial paper. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities change in response to fluctuations in interest rates. In addition, the value of certain fixed income securities can fluctuate in response to perceptions of credit worthiness, political stability or soundness of economic policies. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to factors such as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk). The Investment Funds may invest fixed-income securities which are not protected by financial covenants or limitations on additional indebtedness. In addition, evaluating credit risk for foreign debt involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult.

As part of their credit strategy, the Investment Funds may invest in distressed securities. Distressed securities are generally securities and obligations of entities which are experiencing significant financial or business difficulties, including companies involved in bankruptcy or other reorganizations and liquidation proceedings. Distressed securities may result in significant returns, but also involve a substantial degree of risk not normally associated with investments in healthier companies, including adverse business, financial or economic conditions that can lead to defaulted principal and interest payments and insolvency proceedings. The Master Fund may lose a substantial portion or all of its investment in a distressed security or may be required to accept cash or securities with a value less than the investment. Trading in these types of instruments requires sophisticated analysis and it frequently may be difficult to obtain information as to the true condition of such issuers. There can be no assurance that BAM will accurately predict various factors that could affect the prospects of a successful restructuring. Many of these positions ordinarily remain stagnant until the company reorganizes and/or emerges from bankruptcy proceedings, and, as a result, may have to be held for an extended period of time. Such trades also may be adversely affected by laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims. The market price of such securities is subject to abrupt and erratic market movements and above average price volatility, and the spread between the bid and asked prices of such instruments may be greater than normally expected. At certain times the markets for these securities can become illiquid, and certain of these investments by their nature are illiquid and do not publicly trade. In trading distressed securities, litigation is sometimes required, which can be time-consuming and expensive, and can frequently lead to unpredictable delays or losses.

The Investment Funds also invest in non-U.S. securities. Investments in securities of non-U.S. issuers (including non-U.S. governments) and securities denominated or whose prices are quoted in non-U.S. currencies pose, to the extent not hedged, currency exchange risks (including blockage, devaluation and non-exchangeability), as well as a range of other potential risks which could include expropriation, confiscatory taxation, imposition of withholding or other taxes on interest, dividends, capital gain or other income, political or social instability, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding securities of non-U.S. issuers, and non-U.S. issuers may not be subject to accounting, auditing and financial reporting standards and requirements comparable to, or as uniform as, those of U.S. issuers. Transaction costs of investing in non-U.S. securities markets are generally higher than in the United States. There is generally less government supervision and regulation of exchanges, brokers and issuers than there is in the United States. An Investment Fund might have greater difficulty taking appropriate

legal action in non-U.S. courts. Non-U.S. markets also have different clearance and settlement procedures which in some markets have at times failed to keep pace with the volume of transactions, thereby creating substantial delays and settlement failures that could adversely affect the Investment Fund's performance.

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 any market traded by an Investment Fund due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward trading to less than that which the Investment Manager would otherwise recommend, to the possible detriment of the Investment Fund. Market illiquidity or disruption could result in major losses to the Investment Fund.

The Investment Funds typically employ the use of leverage, which requires the Investment Funds to pledge assets, including securities, as collateral in order to borrow additional funds for investment purposes. The Investment Funds may also leverage their investment return with options, short sales, repurchase and reverse repurchase agreements, swaps, forwards and other derivative instruments. The amount of borrowings which the Investment Funds may have outstanding at any time may be substantial in relation to their capital.

An Investment Fund may trade in futures contracts (and options on futures). Futures positions may be illiquid because, for example, most U.S. commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Futures contract prices on various commodities or financial instruments occasionally have moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Investment Fund from promptly liquidating unfavorable positions and subject the Investment Fund to substantial losses. In addition, the Investment Funds may not be able to execute futures contract trades at favorable prices if trading volume in such contracts is low. It is also possible that an exchange or a regulator (such as the SEC or the U.S. Commodity Futures Trading Commission ("CFTC")) may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract or order that trading in a particular contract be conducted for liquidation only. In addition, the CFTC and various exchanges impose speculative position limits on the number of positions that may be held in particular commodities. Trading in commodity futures contracts and options are highly specialized activities that may entail greater than ordinary investment or trading risks. Furthermore, low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss.

While leverage presents opportunities for increasing the Investment Funds' total returns, it also has the effect of increasing losses. Any event which adversely affects the value of an investment held by an Investment Fund would be magnified to the extent the Investment Fund is leveraged. The cumulative effect of the use of leverage by the Investment Fund in a market that moves adversely to the Investment Fund's investments could result in a substantial loss to the Investment Fund, which would be greater than if the Investment Fund were not leveraged.

The use of leverage also creates financial obligations to the credit facilities that provide the financing. These credit facilities are typically broker-dealers. In exchange for financing, the credit facilities require the Investment Funds to pledge collateral. Typically, the collateral is valued by the credit facility. The credit facility also sets the amount of collateral required to support a security or position, the borrowing rate to finance the security or position and/or a broker-dealer's willingness to continue to provide credit to the Investment Funds. Adverse changes in the value of a security or position, the amount of collateral required, or a broker-dealer's willingness to continue to provide credit to the Investment Funds could force liquidation of a portion or all of the Investment Fund's portfolio at distressed prices, which could result in significant losses to the Investment Fund.

The use of leverage and the use of “over-the-counter” instruments results in counterparty risk. This causes the Investment Funds to take on credit risk with regard to the counterparties that they transact with. The Investment Funds also bear the risk that a counterparty will not settle a transaction in accordance with the terms and conditions of the financial instrument. To minimize this risk, BAM maintains a Counterparty Credit Committee, which monitors the financial condition of the counterparties used by the Investment Funds.

The Investment Funds engage in short selling. Short selling involves selling securities that are borrowed from a prime broker (for a fee) in order to deliver them to the purchaser. Short sellers have an obligation to replace the borrowed securities at a later date. Short selling allows the Investment Funds to profit from a decline in market price (to the extent such decline exceeds the transaction costs and the costs of borrowing the securities). A short sale creates the risk of a theoretically unlimited loss as the price of the underlying security could theoretically increase without limitation, thus increasing the cost to the Investment Fund of buying those securities to “cover” the short position (i.e., return the borrowed securities to the lender). There can be no assurance that the Investment Fund will be able to maintain the ability to borrow securities sold short. In such cases, the Investment Fund can be “bought in” (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

At times, pursuant to its investment objective, an Investment Fund may look to initiate a position that is also held by one or more of the other Investment Funds (with differing investment objectives). Similarly, an Investment Fund, pursuant to its investment objective, may look to close-out of a specific position that is also held by one or more of the other Investment Funds (with differing investment objectives). These are known as ramp-up or close-out phases. When engaged in a ramp-up or close-out phase, an Investment Fund initiating a new position or closing-out of an existing position (that is also held by other Investment Funds), may be given priority over the other Investment Funds. In this connection, the Investment Fund engaged in a ramp-up or close-out phase may receive the entire allocation of a specific trade order (and the other Investment Fund(s) may not receive any of the allocation).

As part of its strategy an Investment Fund may utilize a quantitative, algorithmic, systematic, or similar strategy (collectively, “Quant Strategies”) which use mathematical models in making their investment decisions. Trading errors related to Quant Strategies can occur at and after the point where an algorithm or similar process issues trade orders to a trader, a trade blotter, or an execution platform or engine and do not include Strategy Exceptions and Hardware Failures, as described below. In addition to the examples of trading errors above, trading errors related to Quant Strategies may include, for example and without limitation, (i) a manual override of an automated trading model after the trading model originated a transaction, leading to a malfunction in hardware or software that results in an unintended execution; (ii) an erroneous voice trade; (iii) a trade that was allocated among the Master Fund and other accounts in error; and (iv) an error during the clearance and settlement processes that resulted in an unintended transaction. Given the potentially large volume of transactions executed within the Quant Strategies, investors should assume that trading errors (and similar errors) will occur and that, to the extent permitted by applicable law and the Articles of Association of the Investment Fund, the Master Fund will be responsible for any resulting losses, even if such losses result from the negligence (but not gross negligence) of the Investment Manager's personnel.

The development of trading systems is complex and can involve financial, economic, econometric and statistical theories, research, and modelling, which are then translated into computer code. In BAM's automated trading environment, the Investment Funds that utilize Quant strategies, are at risk of error implementation (e.g., “bugs” and classic coding errors), design error, and errors resulting from unexpected interaction of various code modules or systems. These kinds of problems are collectively termed “Strategy Exceptions.” As a result, as part of BAM's fiduciary duty, it tests and evaluates new trading models prior to final production and implementation. Notwithstanding testing, there is always the chance that production models may contain code bugs or incorrect design, which could result in losses for the Investment Fund. Strategy Exceptions such as coding errors and the systemic risks from quantitative and algorithmic trading are inherent to the Quant Strategies.

The computer systems, networks and devices used by BAM and our service providers stores and transmits large amounts of electronic information, including information relating to the transactions of the Investment Funds and personally identifiable information of our investors. Similarly, service providers of BAM and the Investment Funds, such as the Fund Administrator, may process, store and transmit such information. In addition to a documented

cybersecurity governance framework, BAM 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 BAM may be susceptible to compromise, leading to a breach of BAM's network. BAM's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services provided by BAM to the Investment Funds may also be susceptible to compromise. Breach of BAM's information systems may cause information relating to the transactions of the Investment Funds and personally identifiable information of the investors to be lost or improperly accessed, used or disclosed. The service providers of BAM, and the Investment Funds are subject to the same electronic information security threats as BAM. 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 of the Investment Funds and personally identifiable information of the investors may be lost or improperly accessed, used or disclosed.

The Investment Funds deploy systematic macro trading strategies, which generally will involve the Investment Funds' reliance to some degree on automated and occasionally subjective decisions by the applicable Portfolio Managers concerning, for example, what markets to follow and instrument to trade, when to liquidate or roll a position that is about to expire and how large a position to take in a particular instrument. However, although subjective decisions may have a substantial effect on the Investment Funds' performance, the Investment Funds' primary reliance is on trading programs or models that generate trading signals. The systems utilized to generate trading signals are continuously evolving, but the trading instructions generated by the systems being used are followed without significant additional analysis or interpretation. Automated trading systems also can be affected by input data errors, coding errors and execution algorithm errors, which could result in larger than expected positions or incorrect positions that may have to be liquidated at a substantial loss. Systematic macro trading approaches involve certain inherent risks. These strategies transact in instruments that may have large explicit or implied leverage both in outright and spread based positions, options and other derivatives, which can increase the magnitude and severity of losses. Portfolio Managers may also transact in less liquid instruments that may be difficult to reduce quickly during increases in market volatility, leading to large potential losses. The Investment Funds may fail to capitalize on market trends or countertrend opportunities, fundamental signals or event-based signals that their systems would otherwise have exploited due to subjective decisions made by them in the context of applying their generally mechanical trading systems. Furthermore, any trading system or trader may suffer substantial losses by misjudging the market, particularly due to government or central bank intervention or severe market wide liquidations. Due to the use of computers, the Investment Funds may be able to incorporate more data into a particular trading decision than our discretionary traders, but will often avoid deep fundamental analysis on individual positions. However, when prices shift suddenly, trading systems may suffer rapid and severe losses due to their inability to respond to such changes rapidly due to high velocity in price movements, a reduction in market liquidity or increases in trading costs, preventing liquidation at anything but substantial losses.

The loss or improper access, use or disclosure of BAM or the Investment Funds proprietary information may cause BAM or the Investment Funds 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 the Investment Fund and the investor's investments therein.

A detailed, though not exhaustive, list, of important risks to be considered, can be found in the offering memorandum for each of the Investment Funds.

#### **Item 8.C.**

Please review all risks detailed in Item 8.B. above.

## **Item 9                   Disciplinary Information**

### **Item 9.A.**

Not applicable

### **Item 9.B.**

Not applicable

### **Item 9.C**

In December of 2018, the Swedish Financial Supervisory Authority (“Finansinspektionen” or “SFSA”) determined that BAM’s relying advisor, BEAM (as defined below in Item 10.C) made a late net short position notification to the SFSA (less than a month late). BEAM appealed the decision. However, the appeal was unsuccessful. The appeal was decided on September 6, 2019; however, BEAM was not notified of the decision. As a result, the matter was not concluded until such time BEAM was made aware of the final decision. The total settlement amount of \$15,416 was levied against BEAM and the settlement amount was paid on November 5, 2020.

## **Item 10               Other Financial Industry Activities and Affiliations**

### **Item 10.A.**

Not applicable

### **Item 10.B.**

BAM became a CFTC registered Commodity Pool Operator (CPO) and NFA member as of January 2013.

### **Item 10.C.**

BAM may utilize third-party affiliated sub-advisors to manage a portion of the Investment Fund’s assets.

BCM is an affiliate of BAM. BCM serves as the General Partner to the Investment Funds managed by BAM that have been created as limited partnerships. BCM also serves as the Managing Member to the Investment Funds managed by BAM that have been created as limited liability companies. BCM owns shares issued by AMF, AEMF and Atlas Diversified Intermediate Fund, Ltd. (“ADIF”). BCM’s ownership of shares issued by AMF, AEMF and ADIF allows BCM to collect the Incentive Allocation. The Incentive Allocation is the mechanism used in the place of a performance fee. The Incentive Allocation works by increasing the value of the shares owned by BCM by a percentage (refer to Item 5.A. and the specific offering memorandum for full details) of the excess of the realized and unrealized appreciation (if any) of the net asset value corresponding to each investor’s investment. The incentive allocation is subject to a “high-watermark” in order to prevent an incentive allocation from being taken on recuperated losses.

Please see Item 6 and Item 11.C. for details on how BAM addresses the conflict raised by the fact that certain Investment Funds are responsible for higher Incentive Allocations.

BAM is the beneficial owner of Balyasny Europe Asset Management LLP (“BEAM”) which is regulated by the Financial Conduct Authority of the United Kingdom (the “FCA”). Registration with the FCA permits BEAM to conduct investment advisory services within London.

BAM wholly owns Balyasny Asset Management (Singapore) PTE. Limited (“BAM SG”). BAM SG is registered as an Asset Manager with the Monetary Authority of Singapore (“MAS”). Registration with MAS permits BAM SG to conduct investment advisory services within Singapore.

BAM wholly owns Balyasny Asset Management (Hong Kong) Limited (“BAM HK”). BAM HK is registered as an Asset Manager with the Securities and Futures Commission of Hong Kong (the “SFC”). Registration with the SFC



permits BAM HK to conduct investment advisory services within Hong Kong. BAM HK has entered into sub-advisory agreements with BAM and certain of the Investment Funds with all compensation being paid to BAM HK by BAM.

BAM HK wholly owns Balyasny Asset Management (Japan) Limited (“BAM Japan”). BAM Japan is registered as a Discretionary Investment Manager with the Kanto Local Finance Bureau of Japan’s Ministry of Finance (the “KLFB”). Registration with the KLFB permits BAM Japan to conduct investment advisory services within Japan.

BAM also wholly owns Balyasny Asset Management (Canada) ULC, (“BAM Canada”). BAM Canada is registered as a Portfolio Manager with the Ontario Securities Commission (“OSC”). Registration with the OSC permits BAM Canada to provide investment advice within Ontario.

Please see Item 6 above and Item 11.B., Item 11.C. and Item 11.D. below for conflicts that may arise due to BAM’s management of multiple Investment Funds as well as how these conflicts are addressed by BAM.

**Item 10.D.**

Not applicable

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

**Item 11.A.**

BAM has adopted a code of ethics in accordance with Rule 204A-1 under the Investment Advisers Act of 1940 and each non-U.S. relying advisor has adopted a code of ethics taking into account modifications as required by local laws or regulations (all such codes of ethics collectively, the “Code”). BAM prohibits employees from using or attempting to use their position at BAM to obtain improper personal benefits for themselves or any other person. Any exceptions to the Code require prior approval by a member of the Compliance Department.

The Code sets out standards of business and personal conduct for each BAM Employee and addresses conflicts that arise from personal trading by such persons and provides for disciplinary sanctions for Code violations. For purposes of the Code, “Employee” means any officer, member, partner, employee and personnel of BAM that is subject to the Code. The policies and procedures set forth in the Code recognize that an investment adviser is in a position of trust and confidence with respect to its clients.

The Code includes a code of conduct which requires Employees to (i) abide by standards of ethical conduct in their relationships with each other, the Investment Funds, BAM’s investors, BAM’s competitors, and the public; (ii) adhere to standards with respect to any potential material conflicts of interest with the Investment Funds; and (iii) preserve the confidentiality of information that they may obtain in the course of BAM’s business and use such information properly and not in any way adverse to the interests of any of the Investment Funds, subject to the legality of using such information.

The Code also includes a personal securities investment and reporting policy. This policy, among other things, restricts an Employee’s ability to engage in certain personal securities transactions without the prior consent the Compliance Department and requires reporting of any such transactions.

The Code restricts Employees’ ability to conduct certain activities outside the firm and places limits on the value of gifts that may be received and/or given by Employees.

A copy of BAM’s Code of Ethics and Personal Trading Policy is available to investors and prospective investors upon request.

**Item 11.B.**

BAM, in its capacity as investment manager to Atlas Master Fund, Ltd. (“AMF”) and Atlas Enhanced Master Fund, Ltd. (“AEMF”), recommends that AMF and AEMF purchase interests in Atlas Macro Master Fund, Ltd. (“AMMF”), Atlas Singapore Master Fund PTE. Ltd. (“ASMF”) and Atlas Diversified Master Fund, Ltd. (“ADMF”). AMF and

AEMF collectively wholly own 100% of AMMF. The collective 100% ownership is adjusted monthly in accordance with the Allocation Schedule (as defined in Item 11.C. below). AMF and AEMF collectively own approximately 99% of ASMF and ADMF, where the ownership is adjusted monthly in accordance with the Allocation Schedule.

Similarly, BAM, in its capacity as investment manager to AMF and AEMF, recommends that AMF and AEMF purchase interests in BAMAVT 1 LLC ("AVT"), Atlas Private Holdings, LLC ("APH"), Atlas Private Holdings II, LLC ("APH II"), Atlas Private Holdings III, LLC ("APH III"), Atlas Private Holdings IV, LLC ("APH IV"), Atlas Private Holdings V, LLC ("APH V"), Atlas Private Holdings VI, LLC ("APH VI") and Atlas Private Holdings VII, LLC ("APH VII"). AMF and AEMF collectively own approximately 98% of AVT, approximately 97% of APH and APH II and collectively wholly own 100% of APH III, APH IV, APH V, APH VI and APH VII.

BAM, in its capacity as investment manager to ADMF, recommends that ADMF purchase interests in Atlas Private Holdings (Cayman) Ltd. ("APH Cayman"). ADMF wholly owns 100% of APH Cayman.

BAM, in its capacity as investment manager to AEMF, recommends that AEMF purchase interests in AEF Plus Privates Fund, LLC ("APPF"). AEMF wholly owns 100% of APPF.

BCM is the general partner of Atlas Enhanced Fund, LP and Atlas Diversified Fund, LP. BCM is also the Managing Member of Atlas Global, LLC.

In order to mitigate the conflict of advising certain Investment Funds managed by BAM to invest in other Investment Funds also managed by BAM, BAM does not permit these investors to obtain terms that are more favorable than the terms offered to any other investor. It should be noted; however, that employees that are permitted to invest in the Investment Funds are typically charged a reduced Incentive Allocation or are not charged an Incentive Allocation at all (depending on the specific Investment Fund). Further, partners of BAM do not pay a Management Fee or an Incentive Allocation.

Through its marketing efforts, BAM solicits clients and prospective clients to invest in the Investment Funds. Likewise, in its capacity as investment adviser, BAM recommends the Investment Funds to its clients and prospective clients. BAM mitigates this conflict by ensuring that its marketing efforts adhere to applicable securities and anti-fraud rules.

#### **Item 11.C.**

BAM does not currently manage any proprietary accounts, though any proprietary accounts created in the future, shall be referred to as the "Proprietary Accounts". Proprietary Accounts may, aggregate trades along with the other Investment Funds managed by BAM in accordance with the policy described in greater detail in this Item 11.C. below.

Unrestricted unaffiliated investors (non-BAM employees) in the Proprietary Accounts will participate in IPOs on a pro-rata basis based on the net assets (i.e., the gross assets prior to allocation of performance-based expenses) of the specific Investment Funds involved in the trade ("Net Assets"). However, unrestricted affiliated investors (BAM employees) in the Proprietary Accounts, will not participate in IPOs. The Proprietary Accounts will not engage in principal transactions unless consent has been granted by all appropriate parties or such action otherwise complies with the Investment Advisers Act of 1940, as amended, as well as other applicable securities laws.

Generally, when BAM purchases securities for more than one account, BAM will aggregate orders unless aggregation is not consistent with its duty to obtain best execution or aggregation is not consistent with the terms of the investment guidelines, investment objectives and/or restrictions for one or more of the Investment Funds.

Generally, when possible, each Investment Fund that participates in an aggregated order will participate at the average price for all of BAM's transactions in that security on a given business day, with transaction costs shared based on each Investment Fund's participation in the transaction.

Before entering an aggregated order, a written trade allocation schedule (the "Allocation Schedule") will be prepared, generally at the beginning of each month, which specifies the participating Investment Funds and how the order will be allocated among those Investment Funds. If the aggregated order is filled in its entirety, it will be allocated among the participating Investment Funds in accordance with the Allocation Schedule.

If a Portfolio Manager places trade orders for more than one Investment Fund within the same investment strategy (for example the Atlas Master Fund strategy), that Portfolio Manager's trade orders will generally be allocated pro-rata based on the Notional Assets of the specific Investment Funds involved in the trade.

If a Portfolio Manager places trade orders for more than one Investment Fund across different investment strategies (e.g., the Atlas Master Fund strategy and the strategy of a Proprietary Account), that Portfolio Manager's trade orders will generally be allocated pro-rata, first, to each specific investment strategy, generally, based on the notional amount that specific Portfolio Manager advises for each investment strategy and, second, to each Investment Fund participating in the specific investment strategy, pro-rata, based on each specific Investment Fund's Notional Assets.

At times, pursuant to its investment objective, an Investment Fund may look to initiate a position that is also held by one or more of the other Investment Funds (with differing investment objectives). Similarly, an Investment Fund, pursuant to its investment objective, may look to close-out of a specific position that is also held by one or more of the other Investment Funds (with differing investment objectives). These are known as ramp-up or close-out phases. When engaged in a ramp-up or close-out phase, an Investment Fund initiating a new position or closing-out of an existing position (that is also held by other Investment Funds), may be given priority over the other Investment Funds (due to differing investment strategies). In this connection, the Investment Fund engaged in a ramp-up or closeout phase may receive the entire allocation of a specific trade order (and the other Investment Fund(s) may not receive any of the allocation). Similarly, since different funds may be subject to different risk parameters it is possible that the Risk Department mandates a capital cut (and risk reduction) for an Investment Fund in one strategy, but not an Investment Fund with a different strategy.

On occasion, BAM will not be able to purchase or sell all of the securities ordered as part of an aggregated order in a single day. If the order is partially filled, it will generally be allocated pro rata in proportion to the size of the orders placed for each Investment Fund to the extent practicable based on the Allocation Schedule.

In certain limited circumstances, such as where private securities, bank debt or other non-listed, non-equity instruments are purchased in an aggregated order, BAM may not be able to allocate a portion of the order to a particular Investment Fund because of (among other things) minimum investment restrictions, excessive costs or investor eligibility rules.

Investment Funds without sufficient available capital may not participate in these investments. Additionally, BAM may give added weight to those Investments Funds whose investment programs are responsible for obtaining the investment opportunity when allocating limited investment opportunities.

It should be noted that an aggregated order may be allocated on a basis different from that specified in the Allocation Schedule if all Investment Funds receive fair and equitable treatment and the reason for the different allocation is explained to a member of the Compliance Department and is approved (by email, memo or otherwise) by a member of the Compliance Department. Reasons for allocating on a basis different from that specified in the Allocation Schedule may include, but are not limited to, an Investment Fund's investment guidelines and restrictions, risk parameters, a ramp-up or close-out phase (as discussed in this Item 11.C. above) available cash, liquidity requirements, portfolio exposure, permitted or available counterparties, hedging, tax or legal reasons, and to avoid odd-lots or in cases when a pro rata allocation would result in a de minimis allocation to one or more Investment Funds. In the event of a de minimis allocation the de minimis shares shall be allocated as detailed in the Allocation Schedule or in a manner otherwise pre-approved by the Compliance Department.

The Investment Funds expect to invest a substantial portion of their assets through multiple trading subsidiaries (each, a "Trading Subsidiary"). BAM believes that this structure creates significant operational efficiencies, which in turn reduces operational risk and the potential for trade allocation errors. Further, it provides for a more creditworthy vehicle, which BAM believes will allow it to obtain more beneficial financing terms from the Investment Funds counterparties. Other Trading Subsidiaries may be formed for regulatory, tax or similar reasons to provide the Investment Funds and certain Other Accounts (as defined below) access to a certain geographical market or type of investments. The operation of the Investment Funds investment strategies via Trading Subsidiaries are not expected to materially alter the expected leverage, volatility, or performance targets of the Investment Funds. One or more of the Trading Subsidiaries may also operate as a master fund (i.e., in addition to the investment by the Investment Funds, such Trading Subsidiary may also have its own feeder funds).

One example for a current set up for these Trading Subsidiaries is set forth below. Each Trading Subsidiary will pursue a basic purpose. For example, one Trading Subsidiary will conduct macro trades, while another will conduct systematic trading. In addition, certain Trading Subsidiaries will employ leverage at the Trading Subsidiary level and others will not. In each case, the Investment Funds will participate in the Trading Subsidiaries on a pro rata basis based on the capital contributed to the levered or un-levered Trading Subsidiaries.

The Trading Subsidiaries are designed to be used by multiple other investment entities and accounts, including investment funds, (client accounts and proprietary accounts, that BAM, BCM and their principals and affiliates are, and may continue to be, affiliated with and/or render services to (collectively, "Other Accounts"). Other Accounts are or will invest in one or more of the Trading Subsidiaries in order to execute their respective strategies.

BAM's books and records will separately reflect, for each Investment Fund, all aggregated orders in which the Investment Fund participated and all securities held by, and bought and sold for, that Investment Fund. For avoidance of doubt, BAM may rely upon the allocation records kept by its prime-broker.

Each Investment Fund's assets will be deposited with one or more custodians, and the Investment Fund's assets will not be held collectively any longer than is necessary to settle the purchase or sale in question; cash or securities held collectively for Investment Funds will be delivered to the custodian as soon as practicable following settlement.

BAM will receive no additional compensation of any kind as a result of an aggregated order. Individual investment advice and treatment will be accorded to each Investment Fund. Please see Item 11.A. for details on BAM's Personal Trading Policy.

#### **Item 11.D.**

As stated in Item 11.C., the Proprietary Accounts will not engage in principal transactions unless consent has been granted by all appropriate parties or such action otherwise comports with the Investment Advisers Act of 1940, as amended (and other applicable securities laws). However, BAM may cause a security to be traded between two clients where it believes such trade to be in the interest of each client. BAM generally has such authority under the general grant of investment discretion given to it by its clients. BAM's practice is to engage in cross trades in limited circumstances where the purchase and sale of the same security at the same time by different clients helps to achieve more favorable terms to each client than through separate transactions not involving a cross trade.

These circumstances can arise when a client wishes to sell a security to generate cash or to realign such client's asset allocation at a time when BAM would like to purchase the security for other clients (for example, when rebalancing a fund (whether intra-month or at the beginning of a month)). Such transactions may also occur regularly and frequently. Cross transactions may also occur if one Portfolio Manager is exiting or reducing a position and another Portfolio Manager is building or increasing a position in the same security. In some cases, BAM may determine to reallocate assets (which may involve generating cash to fund withdrawals or investing new capital) within its Investment Funds and thereby create a need to sell the security from one Investment Fund and a need to purchase the same security in another Investment Fund.

BAM's duty to be unbiased and fair to clients on both sides of a cross transaction may pose an inherent conflict of interest. Cross transactions will only be effected in accordance with the applicable law. To ensure that it fulfills its duty to each client that is party to a cross transaction, BAM seeks to ensure the appropriateness of the transaction for each client and that it is fair to both sides of the transaction. Cross trades between clients are generally priced at the closing price as established by an independent broker, but are, from time-to-time, done intra-day at market price or over-the-day using a vwap, twap other weighted average price algorithm. In causing cross trades to be effected between Investment Funds, BAM will effect a journal transaction with the Investment Funds' prime brokers, generally at no cost, or utilize an unaffiliated broker-dealer at normal commission rates. Cross transactions require prior approval by a member of the Compliance Department.

In addition to the above, BAM may correct misallocations of trades among client accounts by re-allocating the applicable trade using the intended allocation methodology prior to the trade's settlement date (or as otherwise permitted under applicable exchange rules). If an erroneous allocation cannot be corrected prior to or after settlement, BAM may, if appropriate and subject to applicable law, correct the erroneous allocation by effecting a cross-trade between client accounts at the price at which the initial trade was effected.

Private Investment Opportunities (“Privates”) may be shared with co-investors. Given the inherent conflict of interest present in co-investment opportunities, and to ensure that BAM allocates Privates in a manner that fulfills its fiduciary duty to treat clients fairly, BAM has developed policies and procedures around the allocation of such opportunities. Generally, co-investors will not receive an allocation in Privates unless the Funds managed by BAM have received their entire allocation. Co-investment opportunities require approval from BAM’s Compliance Department.

Privates will generally be allocated pro-rata to the Investment Funds based on their relative capital available for private investments. Any non-pro-rata allocations will require pre-approval. In connection with pre-approval, various facts will be considered, including, but not limited to, each Investment Funds existing exposure to private investments, BAM’s expertise for analyzing the type of company, business model of the company, size of deal, overall size of market/sector, expected holding period, liquidity and amount of capital available to invest in private investments.

The Investment Funds anticipate they will invest approximately 3% of their assets in private companies (if they are able to identify a sufficient number of attractive investments). Additionally, the Investment Adviser has launched a separate share class of the Investment Funds (“10% Privates Class”) that will invest approximately 10% of its assets in private companies (if the Investment Funds are able to identify a sufficient number of attractive investments). The investments in privates made by the 10% Privates Class will be side-pocketed. Furthermore, the private investments made by the 10% Privates Class within a calendar quarter are expected to be designated in the same side-pocket within the same legal entity.

Elevate Ventures GP, LLC (“Elevate GP”) is the general partner for an early (primarily, venture) stage fund of funds vehicle, Elevate Ventures, L.P. (“Elevate”). Elevate GP is under common ownership and control of BAM. Elevate Ventures Manager, LLC serves as the Managing Member to Elevate. The investor base for Elevate primarily consists of partners and employees of BAM and BAM’s affiliates. Elevate has a different investment strategy than the Investment Funds. Elevate will generally seek investment opportunities in unaffiliated venture capital and private equity funds (collectively “VC Funds”) as opposed to direct investments in Privates (as the BAM Funds may make from time-to-time). VC Fund investment opportunities are generally appropriate for Elevate, and not for the BAM Funds, which do not make investments in VC Funds. Despite the differing investment strategies, any potential conflicts of interest will be reviewed by BAM’s Compliance Department.

The Investment Adviser may identify vendor relationships where it would seek to obtain, on behalf of the Master Funds, a subscription for a vendor’s research. However, in certain of these instances the Investment Adviser may determine that a strategic investment (either in lieu of a subscription, or alongside of a (possibly reduced) subscription) by the Master Funds into the vendor is likely to offer additional benefits to the Master Funds. Given the size (and valuation) of such vendors, the Investment Adviser would not typically consider them as a fund investment for the Master Funds. However, an immaterial investment (as compared to the net asset value of the Master Funds) may still be made if the Investment Adviser expects the investment to offer benefits to the Master Funds (e.g., the ability to have tier-one access to a vendor, to work with a vendor to build a product customized to the needs of the Master Funds, or to have advance access to new products being beta-tested by a vendor). In these and similar circumstances, the Master Funds may make these types of strategic investments that are expected to benefit the Master Funds, even if capital appreciation is not the primary reason for the investments. These strategic investments are expected to be a very small percentage of the total research and vendor budget of the Master Funds.

The actual benefits for the Master Funds from such strategic vendor relationship in return of such investments could be less than expected and could benefit one or more Master Fund more than another Master Fund. In particular, not all the benefits received from such strategic vendor relations may be used by the Investment Adviser in connection with all of the Master Funds. Nonetheless, the Investment Adviser believes that any such strategic vendor relationship provides the Master Funds with benefits as described above that would otherwise not be available to the Master Funds.

Dmitry Balyasny (or his immediate family members and/or controlled entities), as well as other partners and/or employees of the Investment Adviser (collectively with Dmitry Balyasny, “BAM Investors”), may invest in pooled investment vehicles (such as venture capital, private equity or hedge funds) that are managed by third-party investment managers (each, a “Private Fund”). Through these investments, the Investment Adviser may be introduced to the underlying portfolio companies of the Private Funds and evaluate them for a potential direct investment by the Master Funds. If the Master Funds ultimately invest directly in any such portfolio company, it would likely do so at a higher valuation than the relevant Private Fund, and thereby, indirectly, BAM Investors.

From time to time, certain Portfolio Managers will recommend that the Master Funds make pre-IPO investments in portfolio companies similar to those described above. In addition to capital appreciation, these investments are also expected to provide improved access to investment opportunities in later-stage private companies that are more mature businesses and therefore, more appropriate from a risk/reward perspective for the Master Funds to invest in.

It should be noted that the vast majority of Mr. Balyasny's net worth is invested in the strategies of the Master Funds; accordingly, Mr. Balyasny's interests in the Private Funds described above are a very small percentage of his total investments. In part, these investments are made with the goal of creating access and opportunity for the Master Funds to potentially invest in a small number of the most attractive portfolio companies as they mature to the pre-IPO stage.

In addition to the foregoing, third-party investment managers may present investment ideas to the Investment Adviser that the Private Funds have invested in. After the Investment Adviser conducts its own research and analysis, the Investment Adviser may also recommend that the Master Funds make an investment in the same company(ies). It should also be noted that, in certain instances, the Investment Adviser may have an ownership interest in the third-party investment manager that presented the recommendation.

It should be further noted that these private companies are, at some point, expected to be taken public through the initial public offering process. This may lead to a situation where the Private Funds are selling shareholders in the IPO and the Master Funds purchase shares in that same offering.

It should be noted that all strategic vendor investments and all private investments will generally be allocated among the Master Funds in accordance with the Investment Advisor's Allocation Schedule (noted in Item 11.C. above).

Please see Item 11.A. for details on BAM's Personal Trading Policy.

## **Item 12 Brokerage Practices**

### **Item 12.A.**

BAM allocates transactions to broker-dealers for execution on markets/exchanges and at prices and commission rates that in BAM's good faith judgment are in the best interest of its clients. BAM takes into consideration primarily available prices, brokerage commission rates, and other relevant factors including, but not limited to, execution capabilities, the size of the transaction, the difficulty of execution, the operational facilities of the broker-dealer involved, the risk in positioning a block of securities, the quality of the overall brokerage and research services provided by the broker-dealer, the broker-dealer's willingness to commit capital and the value of an ongoing relationship with such broker-dealer. Research services include, but are not limited to, economic forecasts, investment advice, fundamental and technical advice, market analysis, statistical services and analyses of particular securities and investment situations.

Some of these services are considered part of a "soft dollar" arrangement, as described in greater detail below. Where these services are provided by an executing broker-dealer, BAM may pay a brokerage commission in excess of that which another broker-dealer might have charged for effecting the same transaction if BAM determines in good faith that the amount of commission is reasonable in relation to the value of the brokerage and research services provided by the broker-dealer (viewed in terms of either the particular transaction or BAM's overall responsibilities with respect to the account over which it exercises investment discretion).

BAM currently uses commission dollars generated by client trades to pay for third-party research and brokerage products. This is commonly referred to as paying with "soft dollars." Research may include, among other things, proprietary research from brokers, which may be written or oral, market, economic and financial data, performance measurement services, analyses concerning specific securities, companies industries or sectors, statistical information, pricing data, databases and quotation services. There are also instances where BAM receives investment research and access to, or discounts from, a brokerage firm's (or such firm's affiliate's) research and/or trading platforms in exchange for trade orders. Certain of these soft dollar arrangements require BAM to generate a specific level of commissions in order to receive such research or brokerage products. All of BAM's soft dollar usage is within the safe harbor permitted under Section 28(e) of the Securities and Exchange Act of 1934, as amended. If a product or

service obtained with client commission dollars provides both soft dollar eligible and ineligible assistance, we will make a reasonable allocation of the cost which may be paid with soft dollars.

The use of client brokerage commissions to obtain research or other products and services is a benefit to BAM as it does not require BAM to produce or pay for the research, products or services. As a result, BAM has an incentive to select specific broker-dealers based on BAM's interest in receiving the research or other products and/or services, rather than basing this decision on BAM's clients' interest in receiving most favorable execution. In addition, soft dollar benefits may not be proportionally allocated to each Investment Fund that pays the actual commissions that generate the soft dollars. Also, soft dollar benefits are not limited to only those Investment Funds that generated the actual soft dollars. Likewise, it is possible that Investment Funds which may not directly benefit from the ancillary service provided by a particular broker-dealer will enter into transactions through such broker-dealer. However, BAM seeks to ensure, and believes, that the overall effect of such transactions on all accounts, when the ancillary services furnished to all Investment Funds are considered in totality, will be equally beneficial to all Investment Funds. Notwithstanding the above, upon appropriate notice and disclosure, as required, BAM may generate soft dollar balances outside of the safe harbor of Section 28(e). Separately, with respect to several of the Investment Funds, these conflicts generally do not exist because these particular funds are already responsible for the costs related to research and many other services and expenses related to the operation of the funds. Therefore, the use of soft dollars, for these particular funds, does not shift the expense from Investment Manager to the funds. It should be noted that BEAM, BAM's UK affiliate, is a "MiFID" firm. In this connection, BEAM is subject to unbundling under the Markets in Financial Instruments Directive II ("MiFID II"). As part of this, BEAM utilizes a "Research Payment Account" under a "Research Collection Charge Agreement."

BAM has entered into agreements on behalf of the Investment Funds with certain broker-dealers that act as prime brokers and execution brokers on behalf of the Investment Funds. From time to time, BAM personnel may speak at conferences for potential investors interested in investing in hedge funds which are sponsored by those brokers. These conferences may be a means by which BAM can be introduced to potential investors in the Investment Funds. Currently, neither BAM nor the Investment Funds compensate the brokers for organizing these "capital introduction" events or for investments ultimately made by prospective investors attending such events (although either may do so in the future). However, these events as well as the other services provided by a broker may be a factor in deciding whether to use that broker for brokerage, financing and the other activities conducted by the Investment Funds, BAM will not commit to allocate a particular amount of brokerage to a broker-dealer in any of these situations.

BAM is aware of its fiduciary obligation to seek the "best execution" on securities transactions. Best execution entails the efficient placement of orders, clearance, settlement and overall execution quality as well as the price obtained in the transaction. As part of its efforts to obtain best execution, BAM will aggregate orders for multiple clients as detailed below.

During our last fiscal year, we acquired with client brokerage commissions (i) research, such as proprietary research from brokers, which may have been written and/or oral; (ii) research products, such as databases and quotation services; (iii) research services, such as research concerning market, economic and financial data; a particular aspect of economics or on the economy in general; statistical information; pricing data and availability of securities; financial publications; electronic market quotations; performance measurement services; analyses concerning specific securities, companies, industries or sectors; market, economic and financial studies and forecasts; appraisal services; (iv) invitations to attend conferences or meetings with management or industry consultants; and (v) execution services to effect securities transactions as eligible brokerage.

When BAM purchases securities for more than one account, BAM will aggregate orders unless aggregation is not consistent with our duty to obtain best execution or aggregation is not consistent with the terms of the investment guidelines and restrictions for each of the Investment Funds that trades are being aggregated on behalf of. Additionally, BAM's central trading desk will internally transact with independently managed strategies within the same Investment Fund to internalize the risk. Subsequent to internalization, BAM's central trading desk will transact in the market at an optimal rate, in an effort to obtain best execution by minimizing market impact and seeking to capture intraday alpha. Furthermore, and consistent with BAM's fiduciary obligation to obtain best execution, two independently managed strategies within the same Investment Fund that are transacting at (or around) the same time, but in opposite directions will generally transact internally.

During our last fiscal year, we have taken into account the quality, comprehensiveness and frequency of available research services and products considered to be of value provided by brokers when directing client transactions to a particular broker. We directed transactions to such brokers only consistent with best execution. As mentioned above, certain of these soft dollar arrangements require BAM to generate a specific level of commissions in order to receive such research or brokerage products.

No Investment Fund is or will be favored over any other Investment Fund. Generally, when possible, each Investment Fund that participates in an aggregated order will participate at the average price for all of BAM's transactions in that security on a given business day, with transaction costs shared pro rata based on each Investment Fund's participation in the transaction.

**Item 12.B.**

See Item 11.C. for more detail on BAM's trade aggregation and allocation process.

**Item 13            Review of Accounts**

**Item 13.A. and Item 13.B.**

All accounts are reviewed on a regular basis to determine their conformity with risk parameters, investment objectives, and guidelines. Each portfolio manager receives daily updates of portfolio positions and transactions for which such portfolio manager is responsible. The Investment Committee meets monthly at a minimum to review the accounts. Further, the portfolio managers and analysts meet regularly to review and discuss portfolio status, potential investments and related issues. All accounts are reviewed in light of emerging trends and developments as well as market volatility.

**Item 13.C.**

Investors in BAM's Investment Funds generally receive monthly or quarterly statements indicating their capital balances or net asset value. Additionally, investors generally receive quarterly or annual letters highlighting the developments for the period. Investors in the U.S. domiciled Funds are generally issued Schedule K-1s between March and May. Furthermore, audited financial statements are also provided to all investors within 120-days of fiscal year-end. Certain investors may receive additional information.

**Item 14            Client Referrals and Other Compensation**

**Item 14.A.**

Please see Item 12.A. for details concerning soft dollar benefits.

**Item 14.B.**

BAM currently uses the services of non-affiliated private placement agents to offer interests in certain of the Investment Funds. From time to time, BAM may use additional private placement agents as well. BAM compensates such private placement agents for their referrals. These arrangements will be governed by Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended, as well as other forms of guidance (for example, no-action letters) provided by the SEC.

**Item 15            Custody**

On an annual basis BAM delivers audited financial statements to investors in the Investment Funds within 120-days of fiscal year-end. The Investment Funds are audited annually by an accounting firm that is a member of the Public



Company Accounting Oversight Board. The audit of the Investment Funds is conducted in accordance with accounting principles that are generally accepted in the U.S. (i.e., U.S. GAAP).

#### **Item 16 Investment Discretion**

BAM has full discretion with respect to securities transactions effected for the Investment Funds. This authority is granted pursuant to an investment management agreement (“IMA”) between BAM and the Investment Funds. Individual investors grant authority to the Investment Funds to enter into an IMA with BAM by signing the relevant subscription agreement. BAM may also serve as an investment adviser to Separate Accounts. Generally, BAM will have full discretion under the investment advisory contracts in place with its Separate Account clients to buy and sell securities without prior client approval. BAM exercises its investment discretion consistent with the applicable investment strategy, as well as any investment guidelines or restrictions imposed by the relevant Investment Fund and accepted by BAM. BAM does not advise clients concerning holdings outside their respective accounts that are managed by BAM. BAM generally has full authority to determine broker-dealers to be utilized and commissions to be paid with respect to securities transactions effected for its Investment Funds and the Separate Accounts.

In all cases, this discretion is to be exercised in a manner consistent with the stated investment objectives for the particular Investment Fund.

#### **Item 17 Voting Client Securities**

BAM is generally responsible for determining how to vote all proxies with respect to securities held in client accounts. BAM has retained Glass, Lewis & Co. (“Glass Lewis”) to provide research, reporting, vote execution and recordkeeping services. To minimize material conflicts of interest, BAM generally follows voting guidelines established by Glass Lewis. However, certain BAM personnel may override Glass Lewis’ recommendations on a case-by-case basis, provided that BAM does not face a conflict of interest in voting such securities. Additionally, BAM may abstain from voting (which generally requires submission of a proxy voting card) or affirmatively decide not to vote if BAM determines that abstaining or not voting is in the best interests of the Investment Funds.

Investors that wish to obtain a record of BAM’s proxy voting policy or proxy voting history can contact BAM by calling (212) 808-2300 and asking to speak to someone in the Compliance Department.

#### **Item 18 Financial Information**

##### **Item 18.A.**

Not applicable

##### **Item 18.B.**

There are no conditions that impair BAM’s ability to meet its contractual and fiduciary commitments to its clients.

##### **Item 18.C.**

Neither BAM nor any of the Partners of BAM have been the subject of a bankruptcy proceeding in the past 10 years.

**Item 19**            **Requirements for State-Registered Advisers**

Not applicable