

ITEM 1 – COVER PAGE

# New Hyde Park Asset Management LLC

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## DECEMBER 2023

**This Brochure provides information about the qualifications and business practices of New Hyde Park Asset Management LLC. If you have any questions about the contents of this Brochure, please contact us at (312) 375-4903. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**New Hyde Park Asset Management LLC is an investment adviser registered with the SEC. Registration with the SEC does not imply any level of skill or training.**

**Additional information about New Hyde Park Asset Management LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

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## ITEM 2 – MATERIAL CHANGES

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New Hyde Park Asset Management LLC is submitting this Form ADV Part 2A (the “**Brochure**”) as part of its initial filing. There are no material changes to report in this initial Item 2.

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#### ITEM 4 – ADVISORY BUSINESS

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New Hyde Park Asset Management LLC (“**NHPAM**” or “**New Hyde Park**”), a Delaware limited liability company was established in 2023. NHPAM’s sole member is New Hyde Park Alts, LLC, a Massachusetts limited liability company established in 2020.

As a registered investment adviser, NHPAM provides investment advisory services to the segregated series (each, a “**Galaxy Plus Hedge Fund**” or a “**Fund**”) of the Galaxy Plus Hedge Fund LLC, a Delaware series limited liability company (the “**Platform**”). NHPAM will offer interests (“**Interests**”) in each Galaxy Plus Hedge Fund to qualified high-net-worth individuals and institutional investors, including funds-of-funds (each, an “**Investor**” and collectively, the Platform’s “**Investors**”), providing a managed account platform-type experience to these Investors. Each Fund invests its assets in a segregated trading account held or established in the name of the relevant corresponding Fund, not the Platform, which is independently managed by an Investment Adviser (as defined herein). The structure of the Platform facilitates allocations and reallocations of capital among the Funds on the Platform at the direction of the Platform’s Investors. NHPAM advisory services include identifying third party investment managers and/or advisors (collectively “**Investment Advisers**”), including performing background checks and operational due diligence on such Investment Advisers, which are then engaged by an investment advisory agreement entered into with each Fund and the Platform to manage a particular Fund by executing such Investment Adviser’s identified strategy or strategies on behalf of each Fund (each, an “**Investment Advisory Agreement**”). Accordingly, each Galaxy Plus Hedge Fund will have its own strategy or strategies, restrictions, and risks. The assets of each Fund managed by an Investment Adviser are comprised of investments made into the Platform by Investors and their allocations of all or parts of such investments to one or more Funds in their respective subscription documentation. NHPAM provides Investors with some level of investment position transparency with respect to the specific Funds in which they invest and periodic, customizable investment performance reporting. The timing and specificity of such reporting may vary across Funds.

Investors should, and are encouraged by NHPAM, to refer to the confidential offering memorandum of the Platform and the applicable Investment Adviser supplement of a particular Galaxy Plus Hedge Fund (collectively, the “**Memorandum**”) for a complete discussion of fees, risks, conflicts of interest, and such other disclosures as are determined appropriate by NHPAM and the Investment Advisers. Each Galaxy Plus Hedge Fund will be exempt from registration under the Investment Company Act of 1940, as amended (the “**1940 Act**”), pursuant to either Section 3(c)(1) or Section 3(c)(7) thereunder. The Galaxy Plus Hedge Funds’ securities are not registered under the Securities Act of 1933, as amended. The Galaxy Plus Hedge Funds permit qualifying investors to access diversified, unique alternative investment strategies and managers at initial investment minimums which may be as low as \$100,000, as set forth in the Memorandum.

Subscribers receive Class A, Class B or Class C (each, a “**Class**”) Interests depending on their aggregate Capital Account (as defined in the Memorandum) balance in the Platform, as described in the Memorandum. Classes may have different rights, fees, and privileges.

Each Investment Adviser will be responsible for managing its strategy in accordance with the parameters and strategy limitations established by an Investment Advisory Agreement entered into with each respective Galaxy Plus Hedge Fund and the Platform. A Fund’s relevant strategy’s material investment objectives and investment strategies, as well as any limitations or parameters on the Fund’s Investment Adviser’s relevant strategy, are described to Investors in the Investment Adviser supplement section of the Memorandum. Each Investment Adviser may employ various strategies and can invest or trade in a wide array of financial instruments, including, without limitation, securities (long positions and short sales, on margin or otherwise, listed or unlisted, in public or private offerings), including but not limited to equities, bonds, debentures, money

market obligations and options to buy and sell securities of issuers in any jurisdiction; commodities (including any that are now, or may hereafter be, the subject of commodities or commodities contract trading), futures contracts, cash and forward contracts, currencies, foreign exchange commitments, options on futures contracts and physical commodities, swaps, derivatives, and any rights and interests pertaining thereto; and securities of and interests in private credit and registered investment companies.

Investors into a Fund on the Platform will execute a subscription agreement (a “**Subscription Agreement**”) and corresponding execution pages (“**Execution Pages**” and, together with the Subscription Agreement, the Platform’s “**Subscription Documents**”) that will allow each Investor to allocate its investment(s) into the Platform for purchase of Interest(s) in one or more Galaxy Plus Hedge Funds that are managed by independent Investment Advisers. This Subscription Agreement relates to and governs an Investor’s participation in a Fund. Each Investor must identify the Fund or Funds to which it seeks to allocate all or part of its investment on the Subscription Agreement’s Execution Pages. Investors must submit new Execution Pages each time they wish to make additional investments or exchanges among other Funds on the Platform. Investors making additional investments or exchanges, however, will be deemed to have reaffirmed all of the representations, warranties and acknowledgements set forth in the Execution Pages as of the date of each such additional investment or exchange. Investors are not permitted to impose restrictions on Investment Advisers on investing in certain securities or types of securities; Investors are instead made aware of the securities and investment instruments that a particular Investment Adviser’s strategy may invest in during the course of managing a Galaxy Plus Hedge Fund as part of the disclosures made in the Investment Adviser supplement section of the Memorandum received by Investors prior to execution of any Subscription Agreement or Execution Pages.

As of the date of this filing, New Hyde Park manages approximately \$21,798,600 in client assets on a non-discretionary basis.

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## ITEM 5 – FEES AND COMPENSATION

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### A. Management Fee for the Galaxy Plus Hedge Funds:

The following summary table is provided as an illustration of the standard fees associated with an investment in a Fund and is not intended to be a complete description of all such fees and expenses. Please refer to the more detailed descriptions of the fees and expenses applicable to an investment in a Fund contained in each Fund’s applicable offering documents, including the Memorandum.

<b><u>Fee Type</u></b>	<b><u>Amount</u></b>	<b><u>Payable To</u></b>	<b><u>Payment Schedule</u></b>
Sponsor Fee	<ul style="list-style-type: none"> <li>Class A: 0.25% of Uniform Fee Base (as defined below) per annum</li> <li>Class B: 0.50% of Uniform Fee Base per annum</li> <li>Class C: 0.80% of Uniform Fee Base per annum</li> </ul>	NHPAM as Sponsor of the Platform	Calculated and accrued monthly and are payable in arrears as of the last business day of each month; prorated for partial periods
Sales Commissions*	0% - 2% of Uniform Fee Base per annum	The Platform permits any selling agents engaged thereby to collect a sales commission of up to 2% of a	Calculated and accrued monthly and are payable in arrears as of the last

		<p>solicited Investor's investment into a Fund, subject to each Investor's agreement. Any sales commission is charged directly to the applicable Investor.</p> <p>Subject to the terms of any Investment Advisory Agreement, sales agents may also receive additional compensation as agreed by NHPAM on behalf of a Fund, including a portion of the Management Fee or Incentive Fee.</p>	business day of each month; prorated for partial periods
Management Fee	Generally, 0% - 2% of Uniform Fee Base per annum	Investment Advisers (including, in part, NHPAM or its sales agent if NHPAM or its sales agent originates the assets upon which a Management Fee may be charged to a Fund (subject to the terms of the applicable underlying Investment Advisory Agreement))	Calculated and accrued monthly and are payable in arrears as of the last business day of each month; prorated for partial periods
Incentive Fee**	Generally, 0% - 33% of new net profits (the amount by which the net asset value of an Investor's individual investment in a Fund as of the date of determination exceeds the high water mark then-attributable to such individual investment).	Investment Advisers (including, in part, NHPAM or its sales agent if NHPAM or its sales agent originates the assets upon which an Incentive Fee may be charged to a Fund (subject to the terms of the applicable underlying Investment Advisory Agreement))	Typically calculated quarterly and payable on an Investment Adviser-by-Investment Adviser basis in accordance with the Investment Adviser supplement portion of the Memorandum

*\* In addition to any Sales Commissions permitted to be charged by the Platform and paid by Investors, Investors may be subject to additional placement fees and selling commissions on a sales agent-by-sales agent basis.*

*\*\* Incentive Fee calculations are subject to the terms of an underlying Investment Advisory Agreement and may vary from this general description (including, but not limited to being payable only after returns exceed a specified hurdle rate). The specifics of any Investment Adviser's Incentive Fee are disclosed to Investors as part of the Investment Adviser supplement section of the Memorandum.*

The “**Uniform Base Fee**” is equal to the beginning of the month net asset value of an Investor's Interest in a Fund.

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## ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

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NHPAM, its affiliates and their respective owners, principals, directors, managers, officers, tax matters partners, partnership representatives, designated individuals, or employees (collectively, “**Sponsor Parties**”) may sponsor or manage multi-manager funds or other platforms of investment funds that may pursue investment objectives similar to those of the Platform or any Fund (although the Sponsor Parties themselves generally will not trade directly in securities on behalf of such funds). NHPAM personnel associated with the Platform may be employed by, and engage in other activities on behalf of, other Sponsor Parties, including managing other funds and accounts. NHPAM collects the Sponsor Fee as set forth in Item 5A on investments into a Fund and does not direct Investors to any particular Fund or Investment Adviser when providing Subscription Documentation to any potential Investor. NHPAM or its sales agent, as outlined in item 5A may collect a portion of the Management Fee or Incentive Fee subject to the terms of an underlying Investment Advisory Agreement.

Each Fund generally pays an incentive fee (the “**Incentive Fee**”) to the relevant Investment Adviser equal to a percentage (the “**Incentive Fee Rate**”) of the New Net Profit (as defined in the Memorandum) attributable to each individual investment into an Investor’s Capital Account of such Fund, as set forth in the Investment Adviser supplements of the Memorandum. The Incentive Fee will also be payable in the event of a Withdrawal or distribution from a Capital Account before the end of an Incentive Fee Calculation Period, in an amount equal to the product of the Incentive Fee Rate times the fraction, the numerator of which is the amount of such Withdrawal or distribution and the denominator of which is the NAV of such Account immediately before such Withdrawal. In that case, the High Water Mark for such Account will be appropriately adjusted to reflect such Withdrawal. The Incentive Fee Rate is generally 0% to 33% of net profits typically calculated quarterly, subject to the specific terms of an underlying Investment Advisory Agreement (as disclosed in greater detail in item 5A above). As noted in item 5A above, if NHPAM or its sales agent sources the assets managed in a Fund that may generate payment of an Incentive Fee, if agreed in an underlying Investment Advisory Agreement, NHPAM or its sales agent may receive a portion or percentage of an Incentive Fee payable to an Investment Adviser.

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## ITEM 7 – TYPES OF CLIENTS

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The Platform is sponsored by NHPAM as a means of making available to qualified high-net-worth individuals and institutional investors, including funds-of-funds (previously identified as “**Investors**”), alternative asset investment vehicles (structured as Funds (as previously defined herein)) managed by a variety of third-party professional investment advisers (each, an “**Investment Adviser**”).

Each of the Investors in a Galaxy Plus Hedge Fund is subject to applicable suitability requirements as set forth in the applicable Galaxy Plus Hedge Fund’s Memorandum and Subscription Documents. The minimum investment in a Galaxy Plus Hedge Fund is generally \$100,000, although NHPAM has the authority to accept subscriptions or capital contributions for lesser amounts.

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## ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

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As noted, the Platform is sponsored by NHPAM as a means of making available to qualified high-net-worth individuals and institutional investors (including funds-of-funds) alternative asset investment vehicles

(structured as Funds (as previously defined herein) managed by Investment Advisers in an investment environment that offers benefits to Investors such as access to multiple Investment Advisers without Investors having to negotiate individually with any Investment Adviser, meeting such Investment Adviser's account minimums or establishing separate brokerage accounts. Investing in the Platform provides Investors with the flexibility and experience comparable to managed accounts with the Investment Advisers without the associated administrative burden of opening such accounts, while also offering the protection of a limited liability structure, which would not be available in the case of direct investments through managed accounts.

In general, NHPAM does not exercise any discretionary trading authority over the assets of each Galaxy Plus Hedge Fund given that the assets invested into each Galaxy Plus Hedge Fund are hard-wired under the Platform's legal structure and governing documentation to be invested into a private fund managed by the Fund's respective Investment Adviser. In its capacity as Sponsor, NHPAM does have certain authorities, including the ability to halt trading in a Fund, suspend an Investment Adviser's right to advise a Fund, and take necessary actions to liquidate a Fund, in its discretion, if necessary and/or appropriate under the circumstances.

NHPAM is responsible for conducting the initial due diligence on prospective Investment Advisers prior to their being onboarded to manage a Fund on the Platform. Primary considerations include an assessment of the Investment Adviser's (including its principals') background(s), the record, risk exposure and overall suitability of the investment strategy, and the Investment Adviser's compliance policies and operational infrastructure. This due diligence is designed to evaluate a prospective Investment Adviser's ability to execute a strategy to manage the assets of a Fund and Investors are made aware in the Memorandum and the Subscription Agreement that they have not been represented in any negotiations relating to the formations of any Fund or their underlying trading programs or business terms, that an Investment Adviser's engagement by a Galaxy Plus Hedge Fund is only an indication that such Investment Adviser has satisfied NHPAM's operational due diligence review and is not a recommendation to commit capital to any such Investment Adviser, and that NHPAM's diligence alone should not be used to replace an Investor's own due diligence practices and procedures. NHPAM encourages prospective Investors to conduct their own due diligence of Investment Advisers on the Platform.

There can be no assurance that each Galaxy Plus Hedge Fund will achieve its investment objective or that the strategies pursued, and methods utilized by the Investment Advisers will be successful under all or any market conditions. As part of the Memorandum, NHPAM makes clear to all prospective Investors that past performance is not indicative of future results, and that Investors must be prepared to lose all or substantially all of their investments in any Fund or in the Platform as a whole.

### **Material Risks**

Listed below are some of the risks associated with operating the Galaxy Plus Hedge Fund. The following explanation of certain risks is not exhaustive, but rather highlights some of the more significant risks involved in the Galaxy Plus Hedge Funds' investment strategies. Some of the risks described below may apply to a Galaxy Plus Hedge Fund directly or indirectly. For a complete explanation of each Galaxy Plus Hedge Fund's relevant investment strategies and their associated risks, Investors in a Galaxy Plus Hedge Fund should review each applicable offering document, including the Memorandum, which may contain additional explanations of strategies, risks and other related details not discussed below.

### **Investors May Lose All or Substantially All of Their Investments**

An investment in the Interests of a Fund is speculative and entails substantial risk. Investors must be prepared to lose all or substantially all of their investments. The Interests are suitable only for persons willing to accept,



and financially able to assume, such risks. Investing in securities involves risk of loss that clients should be prepared to bear.

### **Limited or No Performance and Operating History**

Although the Investment Advisers may generally have their own respective performance histories prior to their retention by the applicable Funds, the Platform's Funds at this date may have limited or no operating history.

### **Past Performance Is Not Indicative of Future Results**

There can be no assurance that any investment or trading strategy will produce profitable results. The past performance of a Fund or an Investment Adviser is not indicative of how such Fund will perform in the future. There can be no assurance that the performance of a Fund or an Investment Adviser will be comparable in the future to what it has been in the past, or that a Fund will achieve its investment objectives or avoid substantial or total loss. The markets in which the Funds operate have been severely disrupted in recent years, so results observed in earlier periods may have little relevance to the results observable in the current environment.

### **No Assurance of Non-Correlation; Limited Value of Non-Correlation Even if Achieved**

Not only is the past performance of any given Fund or Investment Adviser not indicative of its future results, but also there can be no assurance that such Fund's results will be non-correlated with (*i.e.*, unrelated to) the general stock and bond markets. Unless a Fund's performance is non-correlated to these markets, a Fund cannot help to diversify an overall portfolio.

Investors should evaluate an investment in a Fund in comparison to the alternative of an investment in a cash equivalent, such as 91-day Treasury bills, which can be relied upon to: (i) be generally non-correlated with equity and debt price levels; (ii) generate a positive yield and cash flow; (iii) be highly liquid; (iv) have almost no risk of loss of principal; and (v) incur virtually no costs or expenses.

Even if a Fund's performance is generally both profitable and non-correlated to the general stock and bond markets, it is highly likely that there will be significant periods during which a Fund's results are similar to those of an Investor's stock and bond holdings, thereby reducing or eliminating such Fund's diversification benefits. During unfavorable economic cycles, an investment in a Fund may increase rather than mitigate an Investor's investment portfolio's aggregate losses.

### **Reliance on Information Received from the Investment Advisers**

NHPAM has no means of independently verifying the information supplied to it by any Investment Adviser. All information relating to the Investment Advisers prepared by NHPAM and provided to Investors is based on information received from the Investment Advisers. There can be no assurance that such information will be accurate.

### **No Direct Relationship with any Investment Adviser**

Investors will have no direct dealings or contractual relationships with, and no ability to bring any claims against, any Investment Adviser.

### **The Opportunity Costs of Investing in Multiple Funds**

There can be no assurance that the losses by certain Funds selected by an Investor will not offset, or more than offset, any profits achieved by the others. Opposite positions held by different Funds in which the same

Investor holds an interest will be economically offsetting.

Furthermore, various Investment Advisers will from time to time compete for the same positions, potentially affecting the value of such positions in a manner adverse to Investors.

Investors will have the ability to select concentrated combinations of Funds and thereby potentially reduce the inherent opportunity costs of broadly diversified Fund strategies, but substantial opportunity costs will remain.

### **No Assurance of Fund Availability**

There can be no assurance that other Funds will be offered in the future or that the currently available Funds will continue to be offered.

### **Competition in Alternative Investment Industry**

The alternative investment industry is extremely competitive. In recent years, there has been a marked increase in the number of, and flow of capital into, investment vehicles established in order to implement non-traditional or alternative investment strategies. As a result, there has been greater competition for investment opportunities, increased price volatility and decreased liquidity with respect to certain positions. The Funds will compete with other investment vehicles, as well as investment and commercial banking firms, which may have substantially greater resources, including with respect to financial wherewithal and research staff, than are available to the Funds.

### **Increased Assets Under Management**

There appears to be a tendency for the rates of return achieved by investment advisers to decline as assets under management increase. None of the Investment Advisers has agreed to limit the amount of additional equity which it may manage.

### **Market Disruptions; Governmental Intervention; Dodd-Frank Wall Street Reform and Consumer Protection Act**

The global financial markets have gone through pervasive and fundamental disruptions in the past that have led to extensive and unprecedented governmental intervention. Such intervention was in certain cases implemented on an “emergency” basis, suddenly and substantially eliminating market participants’ ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition — as one would expect given the complexities of the financial markets and the limited time frame within which governments have felt compelled to take action — these interventions have typically been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of the markets as well as previously successful investment strategies.

A Fund may incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to the Funds from their banks, dealers and other counterparties is typically reduced in disrupted markets. Such a reduction may result in substantial losses to the Funds. Market disruptions may from time to time cause dramatic losses for the Funds, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

In response to the most recent financial crises, the Obama Administration and Congress proposed sweeping

reform of the U.S. financial regulatory system. After over a year of debate, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “**Reform Act**”) became law in July 2010. The Reform Act seeks to regulate markets, market participants and financial instruments that previously have been unregulated and substantially alters the regulation of many other markets, market participants and financial instruments. It is impossible to predict what, if any, additional changes in the regulations applicable to the Platform, the Funds, NHPAM, the Investment Advisers, the markets in which they trade and invest or the counterparties with which they do business may be instituted in the future, as well as what the effect may be of such restrictions on the Investment Advisers’ strategies. Any such regulation could have a material adverse impact on the profit potential of the Funds, as well as require increased transparency as to the identity of its Investors.

In addition to regulatory changes, the economic features of the markets to be traded by the various Funds may experience rapid and substantial changes as new strategies and instruments are introduced. Furthermore, the number of participants, particularly institutional participants, in the futures and forward markets appear to have expanded substantially and are expected to continue to do so. There can be no assurance as to how any Fund will perform given the changes to, and increased competition in, the marketplace.

### **Additional Government or Market Regulation**

Market disruptions and the dramatic increase in the capital allocated to alternative investment strategies during the past decade have led to increased governmental as well as self-regulatory scrutiny of the hedge fund and financial services industry in general. Certain legislation proposing greater regulation of the industry, such as the Reform Act, is considered periodically by Congress, as well as the governing bodies of non-U.S. jurisdictions. It is impossible to predict what, if any, changes in the regulations applicable to the Funds, the Investment Advisers, the markets in which they trade and invest or the counterparties with which they do business may be instituted in the future. Any such laws or regulations could have a material adverse impact on the profit potential of the Funds, as well as require increased transparency as to the identity of the Investors.

### **Risk of Loss Due to the Bankruptcy or Failure of Counterparties, Brokers and Exchanges**

The Funds are subject to the risk of the insolvency of their counterparties (such as broker-dealers, banks, exchanges, clearinghouses or other financial institutions).

A Fund’s assets could be lost or impounded during a counterparty’s bankruptcy or insolvency proceedings and a substantial portion or all of a Fund’s assets may become unavailable to it either permanently or for a matter of years. Were any such bankruptcy or insolvency to occur, NHPAM might decide to liquidate the affected Fund or suspend, limit, or otherwise alter trading, perhaps causing such Fund to miss significant profit opportunities.

### **Risk of the Series LLC Structure**

The Platform is established as a series limited liability company under Section 18-215 of the Delaware Limited Liability Company Act. As a matter of Delaware law only, the assets of a Fund are not available to meet the liabilities of another. However, the Platform is a single legal entity which may operate or have assets held on its behalf or be subject to claims in other jurisdictions which may not necessarily recognize such segregation and, in such circumstances, there is a risk that the assets of a Fund may be applied to meet liabilities in respect of another Fund where the assets in such Fund have been exhausted. No opinion is available, for example, under the United States Bankruptcy Code to the effect that the assets of one Fund might not be subject to the liabilities of another Fund.

Where more than one Class of Interests (in the case of the Platform) is issued in respect of a particular Fund, Investors of such Classes of Interests may be compelled to bear the liabilities incurred in respect of the other

Classes of such Fund, which such Investors do not themselves own, if there are insufficient assets in respect of the other Classes to satisfy those liabilities. Accordingly, there is a risk that liabilities of one Class within a particular Fund may not be limited to that particular Class and may be required to be paid out of one or more other Classes of that particular Fund.

## **Market Risks**

### **Importance of General Market Conditions**

Overall market or economic conditions — which neither NHPAM nor any Investment Adviser can predict or control — have a material effect on the performance of any investment or trading strategy. Furthermore, such overall conditions can adversely affect the performance of numerous Investment Advisers at or about the same time, despite their implementing different and independent strategies.

The Funds may incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that, in disrupted markets, many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to the Funds from banks, dealers and other counterparties is typically reduced in disrupted markets. Such a reduction may result in substantial losses to the Funds. Market disruptions may from time to time cause dramatic losses for the Funds and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

### **Illiquid Markets**

Certain positions held by a Fund may become illiquid, preventing such Fund's Investment Adviser from acquiring positions otherwise indicated by its strategy or making it impossible for such Investment Adviser to close out positions against which the market is moving.

### **Lack of Investor Protection Regulation**

The rights of a Fund in the event of the insolvency or bankruptcy of a non-U.S. market or broker are likely to differ from rights that the Fund would have in the United States and these rights may be more limited than in the case of failures of U.S. markets or brokers.

### **Relatively New Markets**

Some foreign exchanges on which a Fund trades may be in developmental stages so that prior price histories may not be indicative of current price patterns.

### **Exchange-Rate Exposure**

The Platform and each Fund are valued in U.S. dollars. Securities on foreign exchanges are usually traded in the local currency. A Fund's assets held in connection with securities priced and settled in a foreign currency may be held in a foreign depository in accounts denominated in a foreign currency. Changes in the value of the local currency relative to the U.S. dollar could cause losses to the Fund even if the security traded is profitable.

## **Strategy and Trading Risks**

### **Portfolio Concentration**

Some Investment Advisers may have overlapping strategies or portfolios and thus could accumulate large positions in the same or related instruments at the same time. Because each Investment Adviser will trade independently of the others, the trading losses of some Investment Advisers could offset trading profits achieved by the profitable Investment Advisers. Different Investment Advisers might compete for the same investment positions.

### **Use of Leverage**

The investment strategies of the Investment Advisers may require the use of leverage. Such leverage may be achieved through, among other methods, borrowing funds, purchases of securities on margin and the use of options, forward contracts, repurchase and reverse repurchase agreements and swaps. The use of leverage magnifies the degree of risk as well as the opportunity for gain.

### **Use of Derivatives**

An Investment Adviser may use derivative instruments, including without limitation, option contracts, swap agreements and forward contracts, and derivative techniques, including without limitation, synthetic short sales, for various hedging and/or speculative purposes. The use of such instruments and techniques may result in leveraging the assets of a particular Fund, thereby exposing such Fund to significant risks.

Among other things, the prices of derivative instruments can be highly volatile. Price movements of derivative instruments are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies, financial futures and options. Such intervention often is intended to directly influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

Uncertainties remain as to how the markets for these instruments will perform during periods of unusual price volatility or instability, market illiquidity or credit distress. Market movements are difficult to predict and financing sources and related interest rates are subject to rapid change. One or more markets may move against the derivatives positions held by a trader, thereby causing substantial losses. Many of these instruments are not traded on exchanges but rather through an informal network of banks and dealers who have no obligation to make markets in them and can apply essentially discretionary margin and credit requirements (and thus in effect force a trader to close out its positions).

**Futures.** In the futures markets, margin deposits typically range between 2% and 15% of the value of the futures contract purchased or sold. Because of these low margin deposits, futures trading is inherently highly leveraged. As a result, a relatively small price movement in a futures contract may result in immediate and substantial losses to the trader. For example, if at the time of purchase 10% of the price of a futures contract is deposited as margin, a 10% decrease in the price of the contract would, if the contract is then closed out, result in a total loss of the margin deposit before any deduction for brokerage commissions. A decrease of more than 10% would result in a loss of more than the total margin deposit.

Futures positions may be illiquid because certain 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 limits, during a single trading day no trades may be executed at prices beyond the daily

limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent an Investment Adviser from promptly liquidating unfavorable positions and thus subject the relevant Fund to substantial losses. In addition, an Investment Adviser may not be able to execute futures contract trades at favorable prices if little trading in the contracts involved is taking place. It also is possible that an exchange or the 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.

Certain commodity exchanges have also established limits, referred to as “position limits,” on the maximum net long or net short positions which any person may hold or control in particular commodity futures contracts. An Investment Adviser may have to modify its investment and trading decisions, and might have to liquidate positions, in order to avoid exceeding such limits. If this should occur, it could adversely affect the profitability of the relevant Fund.

Options. There are various risks inherent in options trading. For example, the seller (writer) of a covered call option (*i.e.*, the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security to a level below the purchase price of the security, less the premium received by the writer for writing the option. The writer of a covered call option also gives up the opportunity for gain on the underlying security above the exercise price of the option. The buyer of a call option assumes the risk of losing the premium invested in the option. The seller (writer) of a covered put option (*e.g.*, the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security below the exercise price of the option less the premium received on the put option. The buyer of a put option assumes the risk of losing the premium it paid to purchase the put option.

The options markets have the authority to prohibit the exercise of particular options, which if imposed when trading in the option has also been halted, would lock holders and writers of that option into their positions until one of the two restrictions has been lifted.

Combination Transactions. An Investment Adviser may engage in spreads or other combination options transactions involving the purchase and sale of related options contracts. These transactions are considerably more complex than the purchase or writing of a single option. They involve the risk that executing simultaneously two or more buy or sell orders at the desired prices may be difficult or impossible, the possibility that a loss could be incurred on both sides of a multiple options transaction, and the possibility of significantly increased risk exposure resulting from the hedge against loss inherent in most spread positions being lost as a result of the assignment of an exercise to the short leg of a spread while the long leg remains outstanding. Also, the transaction costs of combination options transactions can be especially significant because separate costs are incurred on each component of the combination.

Straddles. In straddle writing, where the Investor writes both a put and a call on the same underlying interest at the same exercise price in exchange for a combined premium on the two writing transactions, the potential risk of loss is unlimited. To the extent the price of the underlying interest is either above or below the exercise price by more than the combined premium, the writer of a straddle will incur a loss when one of the options is exercised. If the writer is assigned an exercise on one option position in the straddle and fails to close out the other position, subsequent fluctuations in the price of the underlying interest could cause the other option to be exercised as well, causing a loss on both writing positions.

Forward Trading. An Investment Adviser may utilize forward contracts and options thereon which 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 in which an Investment Adviser trades 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 an Investment Adviser would otherwise recommend, to the possible detriment of the relevant Fund. Market illiquidity or disruption could result in major losses to a Fund.

In the forward markets, margin deposits may be even lower than in other markets or may not be required at all. Such low or non-existent margin deposits are indicative of the fact that any trading in the forward markets typically is accompanied by a high degree of leverage.

### **New Strategies**

Investment strategies used by the Investment Advisers may not have been in existence during periods of major market stress, disruption or decline of the type that may be experienced in the future. As a result, it is not known how these strategies will perform in adverse market conditions.

### **Hedged and Arbitrage Strategies**

The use by some Investment Advisers of “hedged” or arbitrage strategies does not necessarily mean these strategies are relatively low risk. Substantial losses may be recognized on hedge or arbitrage positions, and illiquidity and default on one side of a position can effectively result in the position being transformed into an outright speculation. Every hedge or arbitrage strategy involves exposure to some second order risk of the markets, such as the implied volatility in convertible bonds or warrants, the yield spread between similar term government bonds or the price spread between different classes of stock for the same issuer. Further, there are few examples of “pure” hedge or arbitrage Investment Advisers. Many such Investment Advisers probably employ limited directional strategies which expose them to market risk. Among the risks of arbitrage transactions are that two or more buy or sell orders may not be able to be executed simultaneously at the desired prices, resulting in a loss being incurred on both sides of a multiple trade arbitrage transaction. Also, the transaction costs of arbitrage transactions can be especially significant because separate costs are incurred on each component of the combination. Consequently, a substantial favorable price movement may be required before a profit can be realized.

### **Short Selling**

Investment Advisers may engage in selling securities short, which involves the sale of borrowed securities. In order to sell a security short, the seller must borrow the security from a securities lender and deliver it to the buyer. The seller is then obligated to return the security to the lender at its request (although the seller remains free to return the security to the lender at any time prior to the lender’s request). The seller ordinarily fulfills its obligation to return a security previously sold short by acquiring it in the open market.

A short sale by an Investment Adviser ordinarily involves a judgment on its part that, subsequent to the sale, the price of the security will fall over time, resulting in profits equal to the difference between the net proceeds of the sale and the cost of acquiring the security (or a security exchangeable for or convertible into such security) at a later date to fulfill the obligation to return the security to the lender.

The principal risk in selling a particular security short is that, contrary to the Investment Adviser's expectation, the price of the security will rise, resulting in a loss equal to the difference between the cost of acquiring the security (for return to the lender) and the net proceeds of the short sale. (This risk of loss is theoretically unlimited, since there is theoretically no limit on the price to which the security sold short may rise.)

Another risk is that the short seller may be forced to unwind a short sale at a disadvantageous time for any number of reasons. For example, a lender may call back a stock at a time the market for such stock is illiquid or additional stock is not available to borrow. In addition, some traders may attempt to profit by making large purchases of a security that has been sold short. These traders hope that, by driving up the price of the security through their purchases, they will induce short sellers to seek to minimize their losses by buying the security in the open market for return to their lenders, thereby driving the price of the security even higher.

### **Below "Investment Grade" Securities**

Some Investment Advisers may invest in bonds or other fixed income securities, including, "high yield" (and, therefore, high risk) debt securities. These securities may be below "investment grade" and are subject to uncertainties and exposure to adverse business, financial or market conditions which could lead to the issuer's inability to make timely interest and principal payments. The market values of these securities tend to be more sensitive to individual corporate developments and general economic conditions than do higher rated securities.

### **Distressed Investing**

An Investment Adviser may invest in securities and private claims and obligations of entities that are experiencing significant financial or business difficulties. The relevant Fund may lose all or a substantial portion of its investment in such distressed companies or may be required to accept cash or securities with a market value of less than the initial investment. One of the risks of investing in distressed entities is the difficulty of obtaining information as to the true condition of such issuers. Distressed company investments may also be adversely affected by state and federal laws relating to fraudulent conveyances, voidable preferences, lender liability and a court's discretionary power to disallow, subordinate or disenfranchise particular claims. The market prices of such securities are also subject to erratic changes and above-average price volatility, and the spread between the bid and asked prices of such securities may be greater than normally expected.

### **Trading in Non-U.S. Companies and Markets**

Some Investment Advisers may invest in non-U.S. companies and/or trade in non-U.S. markets. Trading in the securities of non-U.S. companies involves certain considerations not usually associated with trading in securities of U.S. companies, including political and economic considerations, such as greater risks of expropriation and nationalization, confiscatory taxation, the potential difficulty of repatriating funds, general social, political and economic instability and adverse diplomatic developments; the possibility of imposition of withholding or other taxes on dividends, interest, capital gains or other income; the small size of the some markets in foreign countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict investment opportunities. In addition, accounting and financial reporting standards that prevail in foreign countries generally are not equivalent to United States standards and, consequently, less information may be available to Investors in companies located in foreign countries than is available to Investors in companies located in the United States.

There is also less regulation, generally, of the financial markets in foreign countries than there is in the United States. For example, some foreign exchanges, in contrast to domestic exchanges, are "principals' markets" in which performance is the responsibility only of the individual member with whom the trader has entered into a contract and not of an exchange or clearing corporation. In such a case, an Investor is subject to the risk of



the inability of, or refusal by, the counterparty to perform with respect to such contracts.

### **Emerging Market Risks**

Investments by Funds in emerging market countries and/or their currencies (also known as “exotics”) involve certain considerations not typically associated with investing in developed countries. These include: (i) more frequent currency devaluations and other currency exchange rate fluctuations; (ii) political uncertainty and instability; (iii) more substantial government involvement in the economy; (iv) higher rates of inflation; (v) less government supervision and regulation of the financial markets and participants in those markets; (vi) controls on foreign investment and limitations on repatriation of invested capital and on the ability to exchange local currencies for U.S. Dollars; (vii) greater price volatility, substantially less liquidity and significantly smaller market capitalization of financial markets; (viii) the risk of nationalization or expropriation of assets or confiscatory taxation; (ix) the difference in, or lack of, auditing and financial reporting standards, which may result in unavailability of material information about issuers; and (x) the risk that it may be more difficult to obtain and/or enforce a judgment in a court in an emerging market country.

### **Illiquid Investments**

Despite the generally heavy volume of trading in most of the instruments traded by the Investment Advisers, the markets for some of those instruments may have limited liquidity and depth. This lack of depth could be a disadvantage to a Fund, both in the realization of the prices which are quoted and in the execution of orders at desired prices. In addition, a Fund may invest in inherently illiquid securities such as private placements. These investments may be difficult for such Fund to liquidate.

### **Trend Following**

Some Investment Advisers may use computer pricing models to identify apparently overpriced or underpriced securities in relationship to an assumed norm. In addition, analyses of price and other fluctuations over time may be relied upon which utilize charts and computers in order to discern and predict trends. Trading based on such analyses is subject to the risks that securities prices will not increase or decrease as predicted by the analysis, or that trades dictated by the analysis may not be executed in time to take advantage of the price disparities. This latter risk is likely to materialize when numerous market makers use similar analyses, all of which dictate the desirability of executing identical or similar contracts. In the past, there have been periods without identifiable trends and, presumably, such periods will continue to occur. Trading models or analyses that depend upon the forecasting of trends will not be profitable if there are not identifiable trends of the kind that the models or analyses seek to follow. Any factor which would make it more difficult to execute trades in accordance with the models or analyses signals, such as a significant lessening of liquidity in a particular market, would also be detrimental to profitability.

### **Trading Decisions Based on Technical or Fundamental Analysis**

Certain of the Investment Advisers use strategies based on the mathematical analysis of technical data such as price, volume, and momentum. These strategies do not generally take into account fundamental factors except insofar as such factors may influence the technical data constituting input information for the strategy. Accordingly, technical systems may be unable to respond to markets reacting to fundamental causative events until after the impact of these events has ceased.

The use of technical trading systems has been increasing as a proportion of the overall volume of the markets. This fact could result in certain Investment Advisers attempting simultaneously (because of the availability of the same current market information) to initiate or liquidate substantial positions in any market at or about the same time as other Investment Advisers, or otherwise cause an alteration of historical trading patterns that affect the execution of trades.

Certain Investment Advisers may base their trading decisions primarily on fundamental analysis. Fundamental factors include inflation, trade balances, inventories and interest rates, all factors extrinsic to the market. To the extent that external factors provide mixed or conflicting signals, a fundamental trading system may not be able to detect and take advantage of profitable price moves.

### ***Technical Analysis***

Technical strategies rely on information intrinsic to the market itself — prices, price patterns, volume, volatility, etc. — to determine trades. These strategies can incur major losses when factors exogenous to the markets themselves — political events, natural catastrophes, acts of war or terrorism, etc. — dominate the markets.

### ***Fundamental Analysis***

Fundamental analysis is premised on the assumption that markets are not perfectly efficient, that informational advantages and mispricing may occur and that econometric analysis can identify trading opportunities. Fundamental analysis may incur substantial losses if such economic factors are not correctly analyzed, not all relevant factors are identified and/or market forces cause mispricing to continue despite the traders having correctly identified such mispricing. Fundamental analysis may also be more subject to human error and emotional factors than technical analysis.

### **Discretionary Strategies**

Certain of the Investment Advisers are discretionary rather than systematic traders. Discretionary trading managers may be prone to emotionalism and a lack of discipline in their trading. Relying on subjective trading judgment may produce less consistent results than those obtained by more systematic approaches.

### **Risk of Loss Due to Trading Errors and the Failure of Trading Systems**

The Funds are subject to the risk of failures or inaccuracies in the trading systems of their Investment Advisers. Trades for the Funds may be placed or executed in error due to: (a) technical errors such as coding or programming errors in software, hardware problems and inaccurate pricing information provided by third parties, or (b) execution errors such as keystroke, typographic or inadvertent drafting errors. Many exchanges have adopted “obvious error” rules that prevent the entry and execution of trades more than a specified amount away from the current best bid and offer on the exchange. However, such rules may not be in place on the exchanges on which the Investment Advisers trade on behalf of the Funds and may not be enforced even if in effect. Further, such rules likely would not prevent the entry and execution of a trade entered close to the market price but at an erroneous size.

Moreover, the Funds are subject to the risk of the unavailability or failure of the trading systems of the Investment Advisers or the computer systems of the exchanges on which the Investment Advisers trade. Any such errors or failures could subject the Funds to substantial losses.

### **Lack of Diversification; Sector Concentration**

A Fund’s investment portfolio may be concentrated in a limited number of financial instruments and assets. The concentrated focus of a Fund’s investment strategy can be expected to cause its performance to be more volatile than that of a more diversified Fund. A Fund’s investments may not be diversified and may be concentrated in a particular category of commodity interest and in a limited subset of commodities interest contracts within that category, all of which are generally sensitive to market-related and other correlated factors. Because of this, a Fund may be subject to more rapid decreases in value than would be the case if the Fund were required to maintain a wide diversification among asset classes, commodity contracts and types of

investments. No single Fund is intended as, and does not constitute, a complete investment program.

### **Operating Below Required Minimum Capitalization**

An Investment Adviser may require a minimum level of capital to fully implement a Fund's investment strategies. Should such a Fund's net asset value fall below this minimum level (or if a Fund commences operations — in the discretion of NHPAM — prior to raising such minimum capital), certain of the instruments and trading strategies described in the Investment Adviser Supplement with respect to such Fund may not be used or fully employed, and such Fund may be managed in a different and/or more concentrated manner, until such Fund reaches the required minimum capitalization. As a result, a Fund's portfolio may be less diverse and may produce lower returns during such low capitalization periods than in such Fund had the requisite minimum capitalization. In addition, the allocation of expenses over a smaller capital base would make such Fund's continued operations less cost-effective.

### **Risks Related to Platform Structure**

#### **No Assurance of Investment Advisers' Continued Service**

Although each Investment Adviser will commit to manage such Investment Adviser's Fund for a certain period of time, there is no assurance that any Investment Adviser will be willing or able to continue to provide advisory services to the Fund managed by such Investment Adviser. In addition, NHPAM may at any time terminate an Investment Adviser and dissolve the related Fund.

#### **Loss of Investment Adviser Principals**

Certain Investment Advisers may have only one or a limited number of principals. If the services of any of such principals became unavailable, the affected Fund could sustain losses and/or be required to liquidate.

#### **Investment Adviser Risk**

All Funds are subject to the risk of the bad judgment, negligence or misconduct of their respective Investment Advisers. There have been a number of instances in recent years in which private investment funds have incurred substantial losses due to manager misconduct.

#### **Changes in Trading Strategy**

An Investment Adviser may make material changes in its trading strategies without the prior knowledge of NHPAM. While such a material change would permit NHPAM to exercise its authority to halt trading in the Fund or suspend the relevant Investment Adviser, no guarantee may be made that a material change in trading strategy will not be made without NHPAM's knowledge or consent, which may have an adverse effect on the performance of an affected Fund before NHPAM may be able to take appropriate action in its capacity as Sponsor.

#### **Investment Adviser Selection**

NHPAM is responsible for identifying Investment Advisers to be included on the Platform. While the principals of NHPAM are generally experienced in evaluating the talents of Investment Advisers, there is no assurance that their selection process will result in a group of Investment Advisers able to produce consistent profits or avoid serious losses. Also, although alternative investments tend to be non-correlated or negatively correlated with the stock and bond markets, there is no certainty that all or any of the Investment Advisers will demonstrate these tendencies when needed most, *i.e.*, during severe stock market drawdowns.

NHPAM does not recommend any Investment Adviser.

### **Monitoring of Investment Advisers**

In addition to NHPAM's selection process, it will engage in the ongoing monitoring of the Investment Advisers. NHPAM will be looking for indications that, among other things, the Investment Adviser is deviating from its trading systems, is exceeding certain volatility parameters or is trading in new markets or investments. While NHPAM has the capability to monitor trading activity throughout the day, NHPAM cannot be certain it has all positions until the end of the trading day. Accordingly, it may not be possible to prevent a Fund from experiencing a major drawdown during a trading day.

### **Competition for Investment Advisers**

The number of highly competent Investment Advisers accepting new funds is limited. Capacity, the maximum amount of assets an Investment Adviser's system is designed to trade, may prevent an Investment Adviser from taking additional money at the time NHPAM is selecting new Investment Advisers. In addition, the Funds will compete with a large number of firms, many of which have substantially greater financial resources and may be able to offer more attractive compensation to Investment Advisers.

### **Substantial Fees**

The Funds are subject to substantial fees. Moreover, certain of these fees depend on trading frequency and, under certain market conditions, may substantially exceed estimated levels. Each Fund must pay substantial fees, and therefore, must generate profits and interest income which exceed its fixed costs in order to avoid depletion of its assets. Each Fund is required to pay brokerage commissions, monthly Management Fees and Sponsor Fees as well as other fees associated with Fund operations regardless of its performance.

### **"Layering" of Fees**

The Platform, and therefore each of its Funds, is obligated to pay organizational and initial offering costs, at both the Platform and the Fund levels. All such fees must be recouped before an Investor's capital contribution can be profitable. Certain Investors may be subject to substantially more fees (such as Sponsor Fees and Sales Commissions) that must be offset before a profit can be earned. In some instances, two layers of organization in a master-feeder fund structure will increase the overall operational costs of the structure.

### **Investment Adviser Compensation**

The Incentive Fee component of Investment Adviser compensation paid to Investment Advisers may give them an incentive to engage in more speculative investing and trading strategies in an attempt to increase their rate of return and the Investment Adviser compensation received.

The fact that NHPAM can and does negotiate with the Investment Advisers to receive from them, in certain instances, a portion of their Investment Adviser compensation may create a perceived incentive for NHPAM to favor particular Investment Advisers and/or take or omit to take certain actions with respect to certain Funds which NHPAM would not otherwise have done.

### **Incentive Fees**

Incentive Fees are not calculated on the basis of any individual Investor's aggregate investment experience in a Fund or the Platform as a whole but rather on the basis of each individual investment in each Fund. As the Incentive Fee is calculated separately with respect to each investment made by an Investor, an Investor that invests more than once in a Fund may be subject to Incentive Fees in respect of capital contributions made at

different times by such Investor even though the overall value of such Investor's aggregate investment in such Fund has declined. As a result, there is a risk that an Investor could be subject to substantial Incentive Fees even if such Investor's aggregate investment in a Fund (or the Platform as a whole) has not been profitable.

### **Withdrawals Restricted**

Investors' limited ability to Withdraw capital from a Fund could result in there being a substantial difference between an Interest's Withdrawal value and its NAV as of the date by which irrevocable Withdrawal Requests must be received. Furthermore, certain Funds may require significantly longer notice periods for Withdrawals than other Funds on the Platform.

Certain Investors may receive better liquidity terms than those described herein, including flexibility with respect to the timing of Withdrawals and shorter Withdrawal notice periods, as well as other preferential terms such as enhanced position transparency, reduced and/or waived fees and "most favored nation" rights. Any enhanced position transparency or exercise of preferential liquidity rights by any Investor may be detrimental to a Fund and its other Investors.

### **Substantial and/or Frequent Withdrawals; Frequent Intra-Month Withdrawals and Subscriptions by Other Funds**

If a Fund receives substantial Withdrawal Requests within a short period of time, the corresponding Fund may have to liquidate positions prematurely. As a result, a profitable position may earn less profit or become a loss. In addition, frequent Withdrawals at the Platform level may require the Investment Adviser of the corresponding Fund to prematurely liquidate positions. NHPAM may take measures to minimize this effect, such as instructing the Investment Adviser to reduce exposures gradually until the next scheduled Withdrawal Date. There is no assurance, however, that any of these measures would be effective in reducing such losses. None of the Funds currently impose any "gate" or comparable restrictions on Investor Withdrawals.

### **Mandatory Withdrawals**

A Fund will mandatorily Withdraw all of its outstanding Interests and may dissolve in the event that the amount of assets invested in such Fund declines to a level such that NHPAM believes that the continued operation of such Fund would be impracticable, imprudent or uneconomical. NHPAM may also require any Investor to Withdraw all or part of their Interests at any time (for any reason or no reason at all). Mandatory Withdrawal of an Investor's Interests could occur before such Interests have had a realistic chance of being profitable.

### **Risk Factors Specific to Exchanges Among Funds**

The risks of exchanging into the Interests of one Fund into the Interests of another Fund are the same as directly investing in such Fund. Exchanging Investors may redeem out of Funds about to outperform and invest in Funds about to underperform. The performance of speculative investment vehicles such as the Funds is unpredictable, and any attempt to time exchanges between the Funds is likely to result in losses over time. The prospects for, as well as the NAV of, a Fund into which an Investor exchanges may change materially between the time an irrevocable decision to exchange must be made and the time such Interests are acquired in the exchange. Any accrued Incentive Fees will be paid when an Investor exchanges out of a Fund, just as in the case with a Withdrawal.

### **Conflicts of Interest**

The operation of the Platform is subject to conflicts of interest, as, subject to the terms of each Investment Adviser Agreement, NHPAM negotiates with Investment Advisers to share in a portion of the advisory fee

arrangements paid to Advisers by the Funds.

Investment Advisers may invest all or a portion of the initial capital to permit a Fund to begin trading before sufficient Investor capital has been raised to meet such Fund's minimum capitalization, although they are not obligated to do so. The Investment Advisers may also be subject to conflicts of interest with respect to the Withdrawal of proprietary or seed capital from a Fund which began operations on such basis.

Potential Investors are encouraged to review all Fund offering documents, including but not limited to the Memorandum and Subscription Documents, for the disclosure of additional conflicts of interest as they relate to NHPAM and other parties.

### **Investments in Multiple Funds**

For Investors choosing to subscribe for Interests in several Funds in order to obtain the benefits of different trading strategies, there is no assurance that profits achieved by one Investment Adviser will not be offset by losses incurred by another. Also, because the Investment Advisers will trade independently of each other, their Funds could hold opposite positions in the same market, thereby canceling one another, or could simultaneously buy and sell the same security, thereby incurring transaction fees with no net change in the aggregate holdings of the Funds.

## **Regulatory; Litigation**

### **Risk of Litigation**

The Platform, the Funds, the Investment Advisers and/or NHPAM may be subject to litigation from time to time. Such litigation can be time-consuming and expensive and can frequently lead to unpredicted delays or losses. The Platform, the Funds, the Investment Advisers and/or NHPAM could be named as a defendant in a lawsuit or regulatory action. The outcome of such proceedings, which may materially adversely affect the value of the Funds, may be impossible to anticipate, and such proceedings may continue without resolution for long periods of time. Litigation may consume substantial amounts of NHPAM's or Investment Advisers' time and attention, often to an extent disproportionate to the amounts at stake in the litigation. The cost of any litigation involving a Fund — including litigation by Investors regarding the management or performance of such Fund (subject to the applicable standard of care) — will be borne by such Fund.

### **Regulatory Changes Could Restrict the Funds' Operations**

Regulatory changes could adversely affect the Platform and the Funds by restricting their trading activities and/or increasing the costs or taxes to which Investors are subject. The Reform Act, among other things, grants the SEC and the CFTC broad rulemaking authority to implement various provisions of the Reform Act, including comprehensive regulation of the over-the-counter derivatives market and certain foreign exchange transactions. The implementation of the Reform Act could adversely affect the Platform and the Funds by increasing transaction and/or regulatory compliance costs. In addition, greater regulatory scrutiny may increase the Platform's, the Funds' and NHPAM's exposure to potential liabilities. Increased regulatory oversight can also impose administrative burdens on NHPAM, including, without limitation, responding to investigations and implementing new policies and procedures. As a result, NHPAM's time, attention and resources may be diverted from portfolio management activities.

### **Limited Regulatory Oversight**

As private funds, neither the Platform nor the Funds are required to register, and none are registered as investment companies under the Investment Company Act of 1940 (the "**Company Act**"). Accordingly, the

Investor protection provisions of the Company Act, which, among other things, require investment companies to have a majority of disinterested directors and to limit the use of derivatives, and to regulate the relationship between the investment company and its asset manager, are not applicable to an investment in the Platform.

### **Accounting for Uncertainty in Income Taxes**

Accounting Standards Codification Topic No. 740, “Income Taxes” (in part formerly known as “**FIN 48**”) (“**ASC 740**”), provides guidance on the recognition of uncertain tax positions. ASC 740 prescribes the minimum recognition threshold that a tax position is required to meet before being recognized in an entity’s financial statements. It also provides guidance on recognition, measurement, classification and interest and penalties with respect to tax positions. A prospective Investor should be aware that, among other things, ASC 740 could have a material adverse effect on the periodic calculations of the NAV of each Fund, including reducing the NAV of a Fund to reflect reserves for income taxes, such as foreign withholding taxes, that may be payable by such Fund. This could cause benefits or detriments to certain Investors, depending upon the timing of their entry and exit from a Fund.

### **No Representation of Investors**

Prospective Investors have not been represented in any of the negotiations relating to the formation of the Programs, the Platform or any Fund, or the determination of any of their business terms. The business terms of the Funds also were not negotiated at arm’s-length with any Investor. In addition, no independent due diligence has been conducted with respect to this offering.

### **Tax Risks**

#### **Investors may be Subject to Adverse Tax Consequences as a Result of Investing in a Fund**

Investors in a Fund may have conflicting tax and other interests with respect to their investments in a Fund. As a consequence, conflicts of interest may arise in connection with decisions made by NHPAM, including with respect to the nature of Investments, that may be more beneficial for one Investor than for other Investors, especially with respect Investors’ individual tax situations. In addition, a Fund may make investments which may have a negative impact on related investments made by the Investors in separate transactions. In selecting and managing investments appropriate for a Fund, NHPAM will consider the investment and tax objectives of such Fund and the Investors as a whole.

Each Investor is urged to consult such Investor’s own tax advisors regarding the tax consequences of purchasing, holding, and disposing of their investments in a Fund.

#### **Investors May Have Tax Liability Attributable to Their Interest in a Fund Even if Such Investor Has Not Received Any Distributions and Withdrawn from the Fund and Even if a Fund Has Generated a Loss**

A Fund may recognize income for tax purposes before, or without, receiving cash to distribute to Investors (e.g., accrued interest or original discount with respect to a debt instrument or amounts treated as market discount that do not represent economic income with respect to a debt instrument). Investors will be required to report in their tax returns their respective shares of the income, gains, expenses and losses of a Fund without regard to the amount, if any, of distributions received. Accordingly, U.S. federal income taxes on an Investor’s allocable share of a Fund’s taxable income may exceed the amount of distributions to such Investor, if any, for a taxable year, so that Investors must be prepared to fund any tax liability from other sources. In addition, a Fund may have capital losses from trading activities that cannot be deducted against such Fund’s ordinary income (e.g., interest income, accrued market discount or periodic net swap payments) so that Investors may have to pay taxes on ordinary income even if the Fund generates a net loss.

## **The IRS Could Take the Position that Deductions for Certain Fund Expenses are Subject to Various Limitations**

Investors could be required by the Internal Revenue Services (the “IRS”) to treat the Management Fees and Incentive Fees and certain other fees and expenses of a Fund as “investment advisory fees,” which are subject to substantial restrictions on deductibility for individual taxpayers. If the operating expenses of a Fund were characterized as investment advisory fees or other investment expenses rather than trade or business expenses, non-corporate Investors would be subject to substantial restrictions on the deductibility of those expenses (including a complete disallowance of any deduction for any expense so characterized in taxable years beginning before January 1, 2027), would pay increased taxes in respect of an investment in such Fund, and might be required to recognize net taxable income from their investment in Interests despite having incurred a financial loss. In addition, the Code contains various restrictions on deductions of business interest expense, investment interest, passive losses, excess business losses and net operating losses that could affect an Investor’s after-tax return on an investment in a Fund (although some of these restrictions are temporarily waived or loosened by the recently enacted Coronavirus Aid, Relief, and Economic Security Act and other legislation enacted in response to the COVID-19 pandemic). Certain other costs of a Fund could be characterized as “syndication costs,” which are not deductible.

## **An Audit of a Fund May Result in Additional Tax Liability and/or Expenses for the Fund and Each Investor**

There can be no assurance that a Fund’s tax returns will not be audited or that adjustments to such returns will not be made as a result of such an audit. U.S. federal income tax audits of a Fund generally will be conducted at the Fund level, and any adjustment that results in additional tax (including interest and penalties thereon) may be assessed and collected at the partnership level, unless the Fund makes an election to issue adjusted Schedule K-1s to those persons that were Investors in the Fund in the taxable year subject to audit. Therefore, unless a Fund elects otherwise, each Fund may be directly responsible in the then-current taxable year for the income tax liability resulting from the audit adjustment that relates to a prior taxable year(s), and an Investor may indirectly bear some of the cost of such taxes which are attributable to a taxable year in which such Investor did not own an interest in the Fund or in which the Investor owned a different percentage of the Fund. Prospective investors should consult their tax advisors regarding the potential implications of the partnership audit rules.

## **Tax-Exempt and Non-U.S. Investors may be Subject to U.S. Federal Income Tax as a Result of an Investment in a Fund**

If an Investor is considering investing in a Fund and such Investor is a tax-exempt entity or non-U.S. person, such Investor should consider the possible adverse tax consequences that could arise out of being allocated unrelated business taxable income (“UBTI”) or income effectively connected with a United States trade or business (“ECI”), respectively. If UBTI or ECI is a concern for an Investor, such Investor should read the section entitled “Certain Income Tax Considerations” in this Memorandum and should consult its own tax advisors.

## **The Platform may be Delayed in Providing Schedule K-1s to Investors**

Investors should be aware that the Platform and each Fund may not be able to complete and file its tax return for any year or deliver a Schedule K-1 for that year to each Investor before April 15. Because of the time needed for preparation of income tax returns, it is likely that the Platform will be unable to send a Schedule K-1 to each Investor in time for such Investor to file income tax returns by their original due dates. Thus, it will likely be necessary for each Investor to obtain an extension of the filing date for income tax returns each year.



## **Tax Laws are Subject to Change at Any Time**

Tax laws and court and IRS interpretations thereof are subject to change at any time, possibly with retroactive effect. Prospective investors are urged to discuss potential tax law changes with their tax advisors.

## **Information Security, Incident Response**

NHPAM has in place information security, incident response, backup, and disaster recovery procedures intended to prevent or mitigate damage if such an event occurs. However, a breach could nevertheless occur, and such procedures could fail or be insufficient to avoid, mitigate, or remedy the breach. Moreover, the ever-changing methods and technologies used to obtain unauthorized access to systems through means such as third-party acts, computer error, malicious code, employee error, or malfeasance often are not known until used against a potential target. Therefore, NHPAM may be unable to anticipate the destructive or invasive methods and technologies that could be used against its systems or to implement adequate protections.

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## **ITEM 9 – DISCIPLINARY INFORMATION**

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Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of NHPAM or the integrity of NHPAM's management.

In Oct. 2013, AlphaMetrix Group, LLC and several of its executives (including David Young, who had left the firm) were sued by the firm's receiver in bankruptcy in connection with the alleged misuse of fees payable to the firm's counterparties. Mr. Young was added to this lawsuit in April 2014 and subsequently dismissed from the complaint in July 2014 after being interviewed by the firm's receiver in the lawsuit. This information is disclosed to all potential Investors in the Memorandum.

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## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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NHPAM's affiliate, New Hyde Park Alternative Funds, LLC, is registered as a commodity pool operator and commodity trading advisor with the Commodity Futures Trading Commission. Some management persons of NHPAM also are also registered Associated Persons with the National Futures Association.

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## **Item 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

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### **Code of Ethics**

NHPAM has adopted a Code of Ethics (the “Code”) that sets forth the ethical and fiduciary principles and related compliance requirements under which NHPAM operates and the procedures for implementing those principles. The Code includes provisions that govern fiduciary duty, insider trading, personal trading, gifts and entertainment, political contributions, outside business activities and confidentiality.

The Code contains policies and procedures that, among other things:

- prohibit trading on the basis of material nonpublic information; and
- require initial and quarterly reports of securities holdings and quarterly transaction reports by Employees; and ensure that Employees do not take inappropriate advantage of their position.

NHPAM's Code of Ethics is available to clients or prospective clients upon request from NHPAM's Chief Compliance Officer by emailing [vadams@galaxyplus.io](mailto:vadams@galaxyplus.io).

**Participation or Interest in Client Transactions:** NHPAM provides investment advisory services to the Platform. Employees, affiliates of the employees and relatives of employees may make investments in the Platform if they independently meet the suitability requirements and if the transaction is pre-approved by NHPAM's management. NHPAM's management may waive or reduce fees in respect of any Investor and generally intends to waive the fees in respect of any employees of NHPAM and certain affiliates.

Each Investment Adviser is responsible for making portfolio transactions and the allocation of investments for any Galaxy Plus Hedge Fund it manages. Subject to the specific terms of an underlying Investment Advisory Agreement, and only in extraordinary circumstances to protect what NHPAM determines to be the best interests of a Fund's Investors, NHPAM will have the ability to exercise discretion or control over investment decision-making in a Fund.

#### **Conflicts of Interest:**

##### ***General***

NHPAM, its affiliates and their respective owners, principals, directors, managers, officers, tax matters partners, partnership representatives, designated individuals, or employees (collectively, "**Sponsor Parties**") may sponsor or manage multi-manager funds or other platforms of investment funds that may pursue investment objectives similar to those of the Platform or any Fund (although NHPAM generally will not trade directly in securities on behalf of such funds). NHPAM personnel associated with the Platform may be employed by, and engage in other activities on behalf of, other Sponsor Parties, including managing other funds and accounts. Sponsor Parties may have dealings with a Fund that may give rise to potential conflicts.

The Sponsor Parties will act in a fair and reasonable manner in conducting their responsibilities in connection with NHPAM's sponsorship of the Platform and its Funds. NHPAM has fiduciary duties to the Funds to exercise good faith and fairness in all its dealings with each Fund and will take such duties into account in dealing with all actual and potential conflicts of interest.

NHPAM has an established code of ethics and conflicts of interest policy that it abides by when conflicts arise. The general procedure with respect to any potential conflict of interest is disclosure by a potentially conflicted party of the potential conflict to NHPAM management and documentation of all communication related thereto. NHPAM's goal in resolving any conflict of interest that may arise is to give regard in such event to its obligations under any agreements to which it is party or by which it is bound in relation to any potentially-affected counterparty, including a Galaxy Plus Hedge Fund and, in particular, but without limitation to its obligations, to act in the best interests of the Platform's Investors when undertaking any investments where conflicts of interest may arise. NHPAM's overall endeavor to ensure that conflicts of interest that do arise are resolved fairly.

### ***Sponsor Parties' Proprietary Capital***

The investment of proprietary capital in the Funds can create material conflicts of interest for NHPAM between acting in the best interests of the Funds. The Sponsor Parties may invest substantial amounts of proprietary capital in the Funds. Such proprietary capital invested (which may include, without limitation, proprietary capital invested (i) as part of the Sponsor Parties' employee plans or other similar schemes, or (ii) directly by the Sponsor Parties) may or may not be subject to Management Fees and/or Incentive Fees (or may be subject to different Management Fees and/or Incentive Fees). Any such proprietary capital will, however, be subject to the same withdrawal restrictions as the other capital invested in such Funds. The conflicts of interest of Sponsor Parties investing in Galaxy Plus Hedge Funds are mitigated through the conflicts of interest policies referenced above, NHPAM's abstention from providing any recommendation with respect to an Investor's investment in any specific Fund or for management by any specific Investment Adviser, and the fact that by investing in a Galaxy Plus Hedge Fund, the Sponsor Party has aligned interest with other Investors.

### ***Investment Adviser Compensation***

NHPAM negotiates Investment Adviser compensation payable by each Fund with each Investment Adviser and has the ability to share in a portion of such advisory fees, which may instead be payable to sales agents engaged to distribute Interests in the various Funds. NHPAM has a conflict of interest in that NHPAM generally shares in these sources of revenue (i.e., assets invested into a Fund, percentages of which are charged as fees payable to each of NHPAM and the Investment Advisers as disclosed in Section 5(A)) for Investment Advisers paid by the Funds. This conflict is reflected not only in the level of expense borne by the Funds — the higher such expense, the more there is for NHPAM or its agents to share — but also in the selection of Investment Advisers for the Platform. Because the Investment Advisers are entitled to performance-based fees with no penalty for loss, they have an incentive to manage the Funds in a riskier or more speculative fashion than they otherwise would. Because NHPAM or its agents may share advisory fees with the Investment Advisers, this creates a conflict of interest between NHPAM and the Funds. NHPAM mitigates this conflict of interest through its established conflict of interest policies and procedures, its rigorous Investment Advisor review process (which is independent from any compensation negotiation process and does not in any way consider any potential share in an Investment Adviser's compensation) and abstention from providing any Investor with any Investment Adviser or Galaxy Plus Hedge Fund investment recommendation.

Each Investment Adviser's specific supplement entry in the Memorandum describes the actual Management Fees and Incentive Fees typically paid by Investors but, due to confidentiality concerns, does not provide the specific advisory fee sharing arrangements made for each of the Funds. Due to the material conflicts of interest involved, each Investor expressly consents to such fee sharing in their Subscription Agreements as a condition of being permitted to invest in any Fund.

### ***Valuations and Estimates***

The Platform's administrator is responsible for valuing the assets of the Funds — in certain cases based upon information received by NHPAM. The values set for such assets are used to determine the Sponsor Fee, which is payable to the Sponsor monthly, the Management Fee, a portion of which may be shared with the Sponsor monthly subject to the terms of an investment advisory agreement, as well as the Incentive Fee, a portion of which may be shared with the Sponsor on a quarterly basis subject to the terms of an investment advisory agreement. NHPAM therefore may have an incentive to provide the administrator with higher values in order to increase the fees it receives.

The use of estimates in the calculation of NAV creates a possible conflict of interest, as the higher the estimated NAV of a Fund is, the higher the Sponsor Fees and the Management Fees payable to the Sponsor, as well as the better the apparent performance of such Fund.

## **Privacy Policy**

NHPAM collects only information as NHPAM deems necessary to help ensure that its products are appropriate for investors, and to fulfill legal and regulatory requirements. Specifically, NHPAM collects non-public personal information about investors from the following sources:

- Personal information provided in Subscription Agreements and related documents, for example: name, address, Social Security number, net worth, annual income, employment history, educational background and investment experience.
- Information about the investor's relationship with NHPAM, such as account transaction history and capital balances.

NHPAM does not disclose non-public personal information about its clients or former clients to anyone other than in connection with the administrative processing and servicing of client accounts, to NHPAM's accountants, attorneys, agents and auditors or as may otherwise be permitted or required by law. NHPAM does not sell lists of its clients, nor does NHPAM disclose client information to marketing companies whose sole purpose is to market services or products. NHPAM obtains contractual assurances from third party service providers to protect the confidentiality of non-public information when appropriate. NHPAM maintains safeguards to ensure the security of the investor's personal non-public information. NHPAM has implemented security processes (including physical, electronic and procedural safeguards) that comply with federal standards to guarantee that access to client information is limited to employees, agents or affiliates who need to know that information in order to provide products or services to the investor or NHPAM. If the investor has any questions or concerns about NHPAM's privacy policy, please call NHPAM at (312) 375-4903.

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## **ITEM 12 – BROKERAGE PRACTICES**

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NHPAM does not engage in any soft dollar practices.

NHPAM does not have control over the selection of brokers for the Funds. Each Investment Adviser has Trading Authorization to execute its identified strategy or strategies on behalf of each Fund.

NHPAM does not currently participate in directed brokerage execution.

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## **ITEM 13 – REVIEW OF ACCOUNTS**

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The Galaxy Plus Hedge Funds' performance and conformity with the investment objectives and guidelines are reviewed on a periodic basis by NHPAM.

Each investor in a Galaxy Plus Hedge Fund will receive monthly statements detailing their account information including the account's beginning and ending equity, and the account's performance for that period from Formidium Corp, the administrator for the Platform and the Funds. NHPAM may provide certain Investors in a Galaxy Plus Hedge Fund access to more frequent and detailed information as determined by NHPAM.

Additionally, on an annual basis, Investors also will receive copies of the audited financial statements, if applicable, prepared as of December 31 of each year in accordance with generally accepted accounting principles. Such annual audited financial statements will be distributed to investors within 120 days of the Galaxy Plus Hedge Funds' fiscal year end in accordance with the requirements under Rule 206(4)-2 of the Advisers Act.

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#### **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

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The Platform permits any selling agents engaged thereby to collect a sales commission of up to 2% of a solicited Investor's investment into a Fund, subject to each Investor's agreement. Any sales commission is charged directly to the applicable Investor.

Subject to the terms of any investment advisory agreement, sales agents may also receive additional compensation as agreed by the Sponsor on behalf of a Fund, including a portion of the Management Fee or Incentive Fee.

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#### **ITEM 15 – CUSTODY**

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Advisers with custody of client funds and securities must maintain them with "Qualified Custodians" unless such advisers have custody of only certain privately offered securities as defined in Rule 206(4)- 2(b)(2) of the Advisers Act. "Qualified Custodians" under the amended rule include banks and savings associations and registered broker-dealers. However, the Adviser complies with custody rule by: (i) having each pool audited in accordance with U.S. generally accepted accounting principles on an annual basis by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and (ii) distributing audited financial statements to all investors of each such Galaxy Plus Hedge Funds within 120 days of the end of such Galaxy Plus Hedge Fund's fiscal year.

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#### **ITEM 16 – INVESTMENT DISCRETION**

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In general, the day-to-day discretionary trading over the Funds is the responsibility of the Investment Advisers, and NHPAM has no role in terms of asset allocations or strategy. Subject to the specific terms of an underlying Investment Advisory Agreement, and only in extraordinary circumstances to protect what NHPAM determines to be the best interests of a Fund's Investors, NHPAM will have the ability to exercise discretion or control over investment decision-making in a Fund.

NHPAM will not recommend Investment Advisers to Investors.

NHPAM's authority is limited by its own internal policies and procedures, and each Galaxy Plus Hedge Fund's investment guidelines and other terms contained within the governing documents.

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#### **ITEM 17 – VOTING CLIENT SECURITIES**

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NHPAM does not vote any client securities. This authority is delegated to independent Investment Advisers through the applicable Investment Advisory Agreement.

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#### **ITEM 18 – FINANCIAL INFORMATION**

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Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about NHPAM's financial condition. NHPAM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of bankruptcy proceedings.