

orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

In some instances, the Investment Manager may receive a product or service that may be used only partially for functions within Section 28(e) (e.g., an order management system, trade analytical software or proxy services). In such instances, the Investment Manager will make a good faith effort to determine the relative proportion of the product or service used to assist the Investment Manager in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). The proportion of the product or service attributable to assisting the Investment Manager in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by client transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by the Investment Manager from its own resources.

Research and brokerage services obtained by the use of commissions arising from the Partnership's portfolio transactions may be used by the Investment Manager in its other investment activities and thus, the Partnership may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research or brokerage services provided.

Although the Investment Manager will make a good faith determination that the amount of commissions paid is reasonable in light of the products or services provided by a broker, commission rates are generally negotiable and thus, selecting brokers on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than would otherwise be obtainable. The receipt of such products or services and the determination of the appropriate allocation in the case of "mixed use" products or services creates a potential conflict of interest between the Investment Manager and its clients.

In selecting brokers and negotiating commission rates, the Investment Manager will take into account the financial stability and reputation of brokerage firms, and the research, brokerage or other services provided by such brokers. The Investment Manager may place transactions with a broker or dealer that (i) provides the Investment Manager (or an affiliate) with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers investors to the Partnership or other products advised by the Investment Manager (or an affiliate), if otherwise consistent with seeking best execution; provided the Investment Manager is not selecting the broker-dealer in recognition of the opportunity to participate in such capital introduction events or the referral of investors.

When appropriate, the Investment Manager may, but is not required to, aggregate client orders to achieve more efficient execution or to provide for equitable treatment among accounts. Clients participating in aggregated trades will be allocated securities based on the average price achieved for such trades.

It should be noted that the Investment Manager is a non-managing member of Breakwater Group Distribution Services, LLC ("Breakwater"), a broker-dealer that employs certain of the Investment Manager's employees. Breakwater acts as the distributor for other investment funds sponsored by an affiliate of the Investment Manager and does not maintain a trading function.

The Partnership maintains accounts at Morgan Stanley and Credit Suisse, its prime brokers, through which the Partnership may execute trades, borrow securities and maintain custody of its securities, although the Partnership may also be required (or find it advantageous) to maintain custody of certain of its non-U.S. securities at brokers or financial institutions located in non-U.S. jurisdictions. In addition, the Partnership also maintains back-up custodial arrangements with the Custodians, all and any of which may be affiliated with the prime brokers and Administrator used by the Partnership. Such arrangements, to the extent they are utilized, are intended to reduce the risks of having the Partnership's assets held in the custody of the Prime Brokers. The Partnership reserves the right, in its sole discretion, to change its brokerage and custodial arrangements without prior notice to Limited Partners.